



OIL BASINS LIMITED

ABN 56 006 024 764

QUARTERLY REPORT September 2015

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

SEPTEMBER QUARTER OPERATIONS REPORT

HIGHLIGHTS

EP487 (Derby Block) – OBL 50% & operator

- ✓ Environment Plan (2D Seismic Survey) complete and approved by the DMP.
- ✓ Application for a force majeure and/or Variation with unavailability of seismic survey equipment.
- ✓ Permit considerably advanced and now farmout ready

Permit Vic/P47 – OBL 100% & operator

- ✓ Moby Location Renewal approved.
- ✓ Work continues on the new qualitative inversion study to delineate drilling targets.
- ✓ An application for a 12 month suspension and extension lodged with National Offshore Petroleum Titles Authority (NOPTA) to complete the study.

Permit Vic/P41 – OBL 35.435%

- ✓ Work continues on the new qualitative inversion study to delineate drilling targets.
- ✓ Post the quarter reporting date, NOPTA approved a variation to the work program.

Cyrano R3/R1 – OBL 100% & operator

- ✓ Desktop studies commenced on new regulations relating to offshore Environmental issues.

Management of Permit Obligations

- ✓ NOPTA recently approved a Variation for Vic/P41 (removes \$35m well obligation in 2016)
- ✓ Application to NOPTA for a 12 month work program suspension and permit extension for Vic/P47 – decision pending
- ✓ Application to DMP for a Variation for EP487 (Derby Block) to immediately deem Year#1 complete and move immediately into Year#2 (two deep Pilot USG wells in 2016) – decision pending.

OPERATIONS HIGHLIGHTS

CANNING BASIN

Joint Venture interests

With formal registration of the EP487 Joint Venture now finalised, the joint venture comprises:

Oil Basins Limited (ASX code OBL)	50% and Operator
Rey Lennard Shelf Pty Ltd - a wholly owned subsidiary of Rey Resources Limited (ASX code REY)	50%
Oil Basins Royalties Pty Ltd (wholly owned subsidiary of OBL)	2% ORRI (pending)
Backreef Oil Pty Limited	0.5% ORRI (pending)

EP487 (Derby Block)

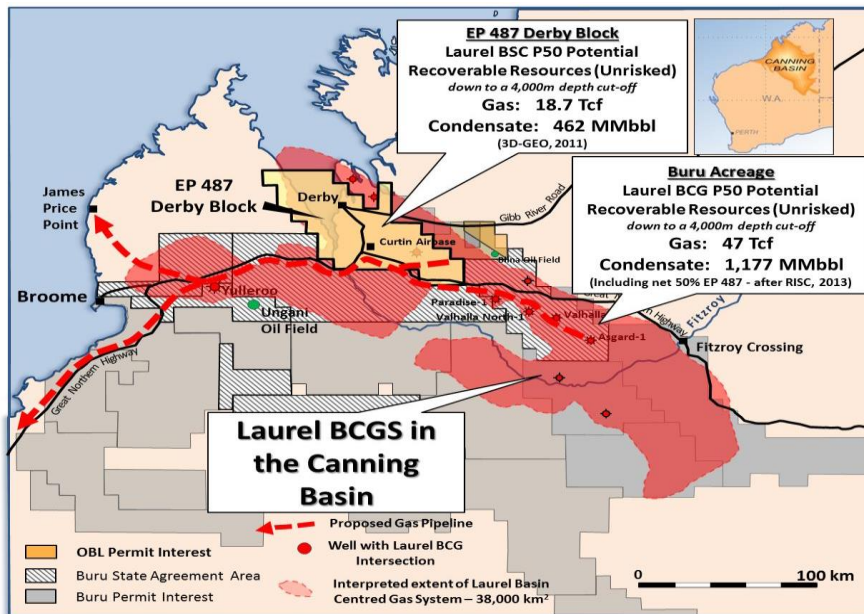


Figure 1

OBL Derby Block Interests are well positioned and nearby the Valhalla BCG Asset

Prospective Resources

OBL as Operator has previously estimated the following prospective resources for the BCG in the Derby Block (OBL ASX Release 3D-GEO Independent Expert Report dated 14 February 2013)

EP 487 (Derby Block)	Prospective Resources PRMS SPE 2011			
	P90	P50	P10	Mean
Gas In-Place Tcf	31.8	107.4	357.8	164.7
Recoverable Gas Tcf	4.8	18.7	68.8	31.2
Recoverable Condensate MMstb	117.4	461.9	1,785.0	801.7

The Derby Block is considered to be predominantly a Wet Laurel Basin Centred Gas play (“**BCG**”) which is regionally extensive throughout the Canning Basin (refer Figure 1) and has been the subject of exploration in the Canning by other parties in 2016 resulting in encouraging flow tests by Buru Energy at Valhalla.

Operations Update

On 15 June 2015, as required under WA Department of Mines and Petroleum (DMP) Condition 6 of the Grant of EP487 dated 14 March 2014, Oil Basins lodged a Heritage Impact Assessment Notice with the two traditional owners groups impacted by the 2D survey in strict accordance with the National Native Title Tribunal Determination (**NNTT Determination**) dated 1 February 2013.

Whilst the land is effectively now deemed cleared under the NNTT Determination, OBL are still awaiting from one of the native title groups a confirmatory response to their initial reaction to the lodgement of the appropriate conditions of a heritage agreement, whilst agreement conditions are currently being negotiated with the second group.

On 18 September 2015, the EP487 Joint Venture’s seismic operator, Terrex Seismic formally advised Oil Basins that it would be unable to complete the 533.6km 2D seismic survey in the remaining available West Kimberley dry weather window in 2015.

On 24 September 2015, Oil Basins on behalf of the joint venture formally lodged a variation with the WA DMP to either extend Year 1 by a further year to 13 December 2016 to enable the new 533km 2D seismic survey to be undertaken in second calendar half year 2016 (EP487 Joint Venture can seek a force majeure due to OBL’s seismic contractor advising that due to other work commitments that it’s now unable to supply seismic survey equipment until 3Q/4Q 2016); or alternatively vary the work program to reprocess existing vintage 2D seismic to seek drilling locations and if two are successfully delineated move into Year 2 and drill two wells by 13 December 2016.

Should the variation be approved, the EP487 Joint Venture will have been deemed to have completed all Year 1 obligations and will move immediately into a drilling programme of a minimum of two wells in 2016 most likely targeting Wet Laurel Basin Centred Gas (BCG) at a recently prognosed “Valhalla look-alike” BCG prospect. New or updated Environmental approvals documentation will be prepared for this new activity as required, and as advised by the DMP, at a suitable time.

Discussions have occurred with the DMP with a decision by the regulator is presently pending in November 2015 and the Company will advise the market in due course.

GIPPSLAND BASIN

OPERATED ASSETS - PERMIT VIC/P47 UPDATE

Joint Venture interests

OBL	50% and operator
Shelf Oil Pty Ltd (wholly owned subsidiary of OBL) (Collectively OBL Group 100%)	50%
Oil Basins Royalties Pty Ltd	2% ORRI

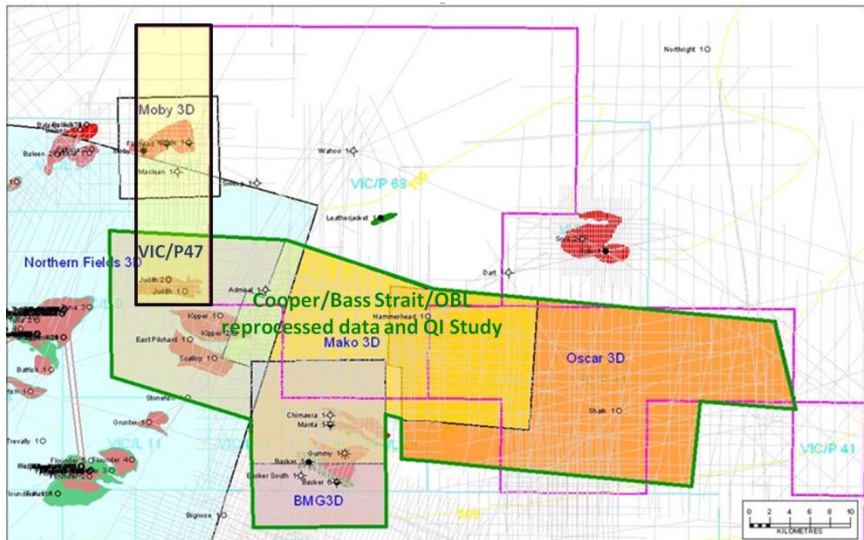


Figure 2
Map showing Permits Vic/P47 & VIC/P41 in relation to 3D seismic data sets

As previously reported, work commenced in early 2015 on reprocessing of the vintage 3D seismic tapes into the processing package and finalising the seismic data set (Figure 2) 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. Unfortunately the project work has suffered a significant delay in new work which is focussed upon amalgamating the two vintage 3D seismic surveys (Northern Fields – ExxonMobil and Moby 3D – Bass Strait Oil Company), Despite a modern shooting configuration, 3D seismic data belonging to the Moby 3D seismic survey suffers from a number of anomalies that required time-consuming quality control work, significantly more than initially anticipated, to establish reliable data for input into the reprocessing sequence.

It has now evident that the delays to data processing have significantly impacted project delivery impacting the Company's ability to meet the Year 5 work program commitment within the 14 November 2015 timeframe. Consequently on 14 September 2015, the Vic/P47 Joint Venture has lodged an application with the offshore regulator National Offshore Petroleum Titles Administrator (**NOPTA**) for a 12 month suspension and extension of the Year 5 work program.

Discussions have occurred with NOPTA and a decision by the regulator is presently pending in early November 2015 and the Company will advise the market in due course.

Contingent Resources

The previous Operator has previously estimated the following contingent resources for the Judith Gas Field (BAS ASX Release Gaffney Cline & Associates Independent Expert Report dated 7 May 2013).

Judith Gas Field OBL Group 100%	Contingent Resources PRMS SPE 2011		
	1C	2C	3C
Product			
Gas-in-Place Bcf	66.7	155.4	368
Recoverable Gas (Contingent) Bcf	36.7	101	276

Booked Judith Gas Field unrisked contingent resources within the Emperor formation.

Moby Location – OBL Group 100%

The Company 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 (Moby Gas Field within the Gurnard formation).

The Company is pleased to advise that on 28 July 2015 it received formal approval from NOPTA of its application of a two year Extension for the Moby Location.

NON-OPERATED ASSETS – PERMIT VIC/P41 UPDATE

Joint Venture Interests

Bass Strait Oil Company Limited (ASX code BAS) 64.565% and operator
OBL 17.935%
Shelf Oil Pty Ltd (wholly owned subsidiary of OBL) 17.5%
(Collectively OBL Group 35.435%)

In mid-2014 the Vic/P41 Joint Venture (OBL Group 35.435%) attained consent and approval of the regulator NOPTA for the suspension and extension of the current mandatory Year 3 Work Program by a period of 6 Months until the 28 May 2015 (which was subsequently further extended by another six months to 28 November 2015).

The Vic/P41 Joint Venture completed its Year 3 WP gross commitment of around \$900,000 in June 2015 but the results have not been conclusive to date defining the Golden Beach prospects.

So as to perform an assessment of new Emperor Group formation potentially lower risk drilling prospects, on 24 September 2015 the Vic/P41 Joint Venture lodged an application to NOPTA for a variation of the work program. The application will request that the permit years 4 and 5 be transposed, ie bringing forward the Year 5 geological and geophysical studies (modest gross \$150,000) into Year 4 and moving forward the existing Year 4 one well drilling obligation (circa \$30,000,000) into Year 5.

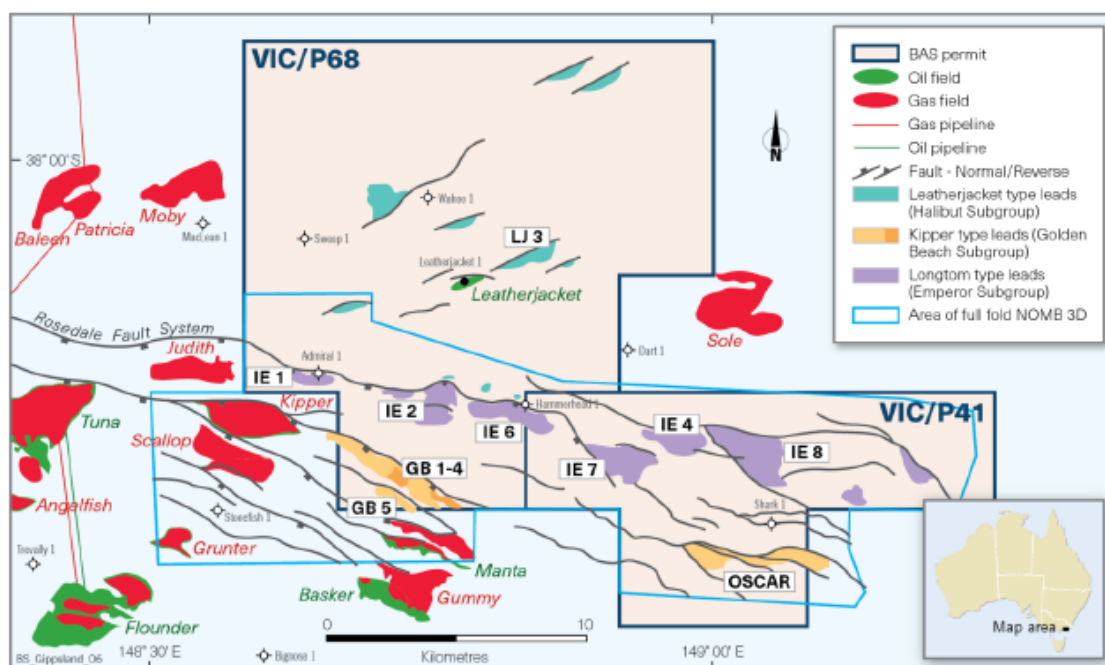
OBL is pleased to advise that the regulator NOPTA has on 28 October 2015 approved the Joint Venture varied work program for Vic/P41 which now requires one exploration well to be drilled in Year 5 (by 28 November 2017 – previously by 28 November 2016). This grants the Joint Venture additional time to perform the technical work required to mature the prospect before anticipated drilling and significantly reduces OBL’s near-term funding obligations to less than \$60,000.

Identifying New Drilling Prospects – Emperor Formation

As announced on 28 October 2015, the Operator BAS technical review evaluated the gas play in the Emperor Formation in Vic/P68 (non-OBL Group) and Vic/P41 for the first time and concluded that exciting new exploration opportunities exist. BAS notes that identified targets are similar in characteristic and on trend with the nearby Longtom Gas Field.

In a best estimate scenario, the gross unrisked (P50) Prospective Resource contained in the 5 largest leads total over 1.75 TCF of gas (greater than circa 50% of these prospective lie within Vic/P41 – Figure 3).

With the Variation now approved the focus of the operator will now turn to identifying and evaluating the most appropriate drilling prospects in the Emperor Formation.



Map 1: New targets identified during the BAS Technical Review

Figure 3

New mapped Emperor Prospects in Vic/P41 – also showing Judith & Moby Gasfields (OBL 100%)

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 30 September 2015, OBL announced that it had agreed the placement of 37.5 million new ordinary OBL shares at \$0.004 (**0.4 cents**) per share raising a gross amount of \$150,000.

The placement was made to existing sophisticated investors within the Company's existing placement capacity. Normal placement fees were payable on this capital raising.

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.

AGM Meeting 30 November 2015

The Annual General Meeting of Oil Basins Limited will be held on 30 November 2015.

CASH POSITION:

Cash and near-term cash holdings at 30 September 2015 was circa \$160,000.

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 119 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
30 October 2015

GLOSSARY & PETROLEUM UNITS

M	Thousand
MM	Million
B	Billion
bbl	Barrel of crude oil (ie 159 litres)
PJ	Peta Joule (1,000 Tera Joules (TJ))
Bcf	Billion cubic feet
Tcf	Trillion cubic feet (ie 1,000 Bcf)
BOE ₆	Barrel of crude oil equivalent – commonly defined as 1 TJ equates to circa 158 BOE – approximately equivalent to 1 barrel of crude equating to 6,000 Bcf dry methane on an energy equivalent basis
PSTM	Pre-stack time migration – reprocessing method used with seismic.
PSDM	Pre-stack depth migration – reprocessing method used with seismic converting time into depth.
AVO	Amplitude versus Offset, enhancing statistical processing method used with 3D seismic.
TWT	Two-way time
FMT	Formation testing (pressure & sampling) tool, also known as a MDT
TD	Total depth
GIP	Gas in Place
CSG	Coal seam gas (CSG) or alternatively known as coal seam methane (CSM) is natural gas sourced from coal. Methane = CH ₄ = H-H-C-H-H, which is the same as: conventional gas, landfill gas, peat gas. CSM is produced during the creation of coal from peat. The methane in CSM is adsorbed onto the surface of micropores in the coal. The amount of methane adsorbed increases with pressure. CSM is expelled from the seam over geologic time because coal has the capacity to hold only about a tenth of the methane it produces. Apart from power station applications, high quality methane can be used as a valuable feedstock for petrochemical plants such as urea, ammonia, ammonium nitrate, gas to liquids (diesel) and LNG production
USG	Unconventional shale gas
USO	Unconventional shale oil
STOIIP	Stock tank oil in place (stabilised crude at atmospheric conditions) – also commonly referred to as Oil in Place (OIP)
BCGA	Basin Centred Gas Asset
L6	Production Licence 6

DISCLAIMER – GENERAL

Prospective Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations. Investors 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.

Technical Reserves in this preliminary assessment are considered similar to the definition of Contingent Resources (ie Low Estimate and High Estimate) with the following important caveat - it must be appreciated that the risked volumes as reported in terms of undeveloped Contingent Resources and Prospective Resources are risk assessed only in the context of applying ‘Geological Chance of Success’. This degree of risk assessment does not incorporate the considerations of economic uncertainty and commerciality and consequently no future development as such can be assured.

The technical information quoted has been compiled and/or assessed by Company Director Mr Neil Doyle (from a number of sources) who is a professional engineer (BEng, MEngSc - Geomechanics) with over 32 years standing and a continuous Member of the Society of Petroleum Engineers since 1981 (SPE 30 Year Club Member) and by Mr Geoff Geary who is a professional geologist (BSc – Geology) with over 30 years standing and who is also a Member of the 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. Investors should review the ASX materials and independent expert reports previously quoted and the important definitions and disclaimers attached.