



# OIL BASINS LIMITED

ABN 56 006 024 764

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## QUARTERLY REPORT March 2016

Oil Basins Limited (**OBL** or the **Company**) is pleased to present its March 2016 Quarterly Report.

### MARCH QUARTER OPERATIONS REPORT

#### HIGHLIGHTS

##### *CANNING BASIN*

##### **Permit EP487 (Derby Block) – OBL 50% & Operator**

- ✓ Variation of Permit Year 1 work program approved by DMP on 2 February 2016.
- ✓ New mapping by OBL confirms a potentially significant wet gas resource within the onshore eastern portion of the Derby Block (bounded by bitumen roads) within Wet Laurel Basin Centred Gas (BCG) prospects.
- ✓ Preliminary independent assessment of the gross prospective potential P50 resources within Permit EP487 was announced to the ASX on 15 January 2016 and confirms a significant 31.6% increase in gross potential prospective recoverable P50 resources to 24.6 Tcf within the eastern onshore portion of Permit EP487 (corresponding gross potential prospective recoverable P50 condensate volumes increase by 32.9% to 614 MMbbls) when compared to the earlier pre-grant independent assessment gross potential recoverable P50 resources of 18.7 Tcf and 461.9 MMbbls associated condensate, previously released on 14 February 2013.
- ✓ **OBL's net prospective potential P50 resources within the three newly mapped Wet Laurel BCG prospects within Permit EP487 are independently assessed at 12.3 Tcf and 307 MMbbls of associated condensate.**
- ✓ The Derby Block is considered to be predominantly a Wet Laurel BCG play which is regionally extensive throughout the Canning Basin (refer Figure 1) and has been the subject of exploration in the Canning Basin by other parties in 2015, resulting in encouraging production tests by Buru Energy at Valhalla North-1 and Asgard-1 in nearby EP371 (which is contiguous with the eastern boundary of EP487)..
- ✓ OBL continues as Operator of the Derby Block and has since the variation was approved has delineated Laurel BCG well targets for Year 2 and Year 3. Post quarter end has prepared a EP487 preliminary work plan and budget to complete Stage 1 Environmental Plan (Drilling and Production Testing) which has been submitted to the EP487 Joint Venture.

## OPERATIONS HIGHLIGHTS

### CANNING BASIN

#### EP487 (Derby Block)

The EP487 Joint Venture participating interests comprise:

Oil Basins Limited (ASX code <b>OBL</b> )	50% and Operator
Rey Lennard Shelf Pty Ltd ( <b>RLS</b> )	50%
- wholly owned subsidiary of Rey Resources Limited (ASX code <b>REY</b> )	

### Operations Update

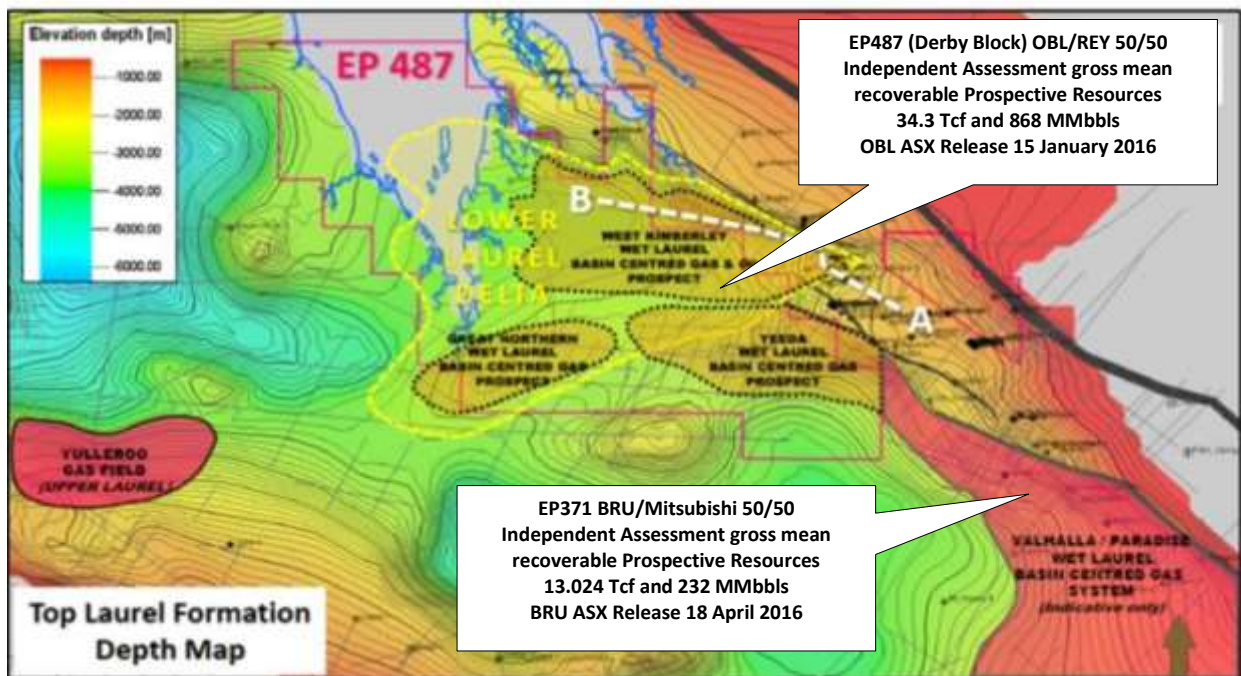


Figure 1

New OBL Mapping Eastern Onshore Section of Permit EP487 (Derby Block)  
OBL ASX Release dated 30 November 2015

### New Mapping

OBL as Operator of WA onshore Permit EP487 (Derby Block) has recently completed new mapping and depth conversion of the New Unconventional Wet Laurel Tight Basin Centred Gas (**BCG**) Play earlier presented to shareholders at the OBL AGM on 30 November 2015 – refer to ASX release 30 November 2015 and Figure 1.

Three prospects have been delineated within EP487 (Derby Block) based on identification of the major reservoir play, thickness and depth of burial. All are Laurel plays defined as unconventional, Basin Centred Gas (**BCG**) stratigraphic plays and all have significant potential for condensate production, (ignoring the deeper Basal Laurel tight shale gas unit), namely:

- **West Kimberley Wet Laurel BCG and Oil Prospect** – This prospect is defined by the newly recognized Lower Laurel delta reservoir play, principally possible reservoir sands developed in delta topset and foreset sequences. The Upper and Middle Laurel also has potential.

- **Yeeda Wet Laurel BCG Prospect** – Principally an Upper Laurel reservoir play drilled by East Yeeda-1. Deeper potential in the Middle and Lower Laurel (> 3,500 m). Similar to the Yulleroo gas discovery and prognosed as an extension of the Valhalla / Paradise Wet Laurel BCG System (Buru Energy / Mitsubishi) to the east.
- **Great Northern Wet Laurel BCG Prospect** – Similar to and possibly an extension of the Yeeda Laurel BCG Prospect with similarities to the Yulleroo Gas Field to the south west.

### Prospective Potential Recoverable Resources – Wet Laurel Basin Centred Gas

Based upon this new OBL mapping, and all then available public file data on nearby Tight BCG wells, a **preliminary independent resources assessment** has been conducted by 3D-GEO Pty Ltd (**3D-GEO**), using probabilistic methodologies in accordance SPE PRMS (2011), to assess the unconventional and tight resources potential of the newly mapped play and reported to the ASX by OBL on 15 January 2016.

- The preliminary independent assessment of the gross prospective potential P50 resources within Permit EP487 was announced to the ASX on 15 January 2016 and confirms a significant 31.6% increase in gross potential prospective recoverable P50 resources to 24.6 Tcf within the eastern onshore portion of Permit EP487 (corresponding gross potential prospective recoverable P50 condensate volumes increase by 32.9% to 614 MMbbls) when compared to the earlier pre-grant independent assessment gross potential recoverable P50 resources of 18.7 Tcf and 461.9 MMbbls associated condensate, released on 14 February 2013.
- OBL's net prospective potential P50 resources within the three newly mapped Wet Laurel BCG prospects within Permit EP487 are independently assessed at 12.3 Tcf and 307 MMbbls of associated condensate.

3D-GEO's **preliminary assessment** of the gross prospective potential recoverable resources, in accordance SPE PRMS (2011), of the newly mapped OBL Wet Laurel BCG play is as follows:

Permit EP487 Onshore Eastern Portion	Prospective Resources SPE PRMS (2011)			
	Product	P90	P50	P10
Gas-in-Place Tcf	56.9	142.1	346.5	180.3
Recoverable Gas Tcf	8.5	24.6	71.2	34.3
Recoverable Condensate MMbbl	203.7	614	1815	868
Recoverable BOE (MMBOE)	1,583	4,579	13,268	6,390

**Table 1**

Preliminary Assessment of Permit EP487

Gross prospective potential recoverable resources (3D-GEO January 2016)

**Notes to Table 1, as advised by independent expert**

**Barrel** Assumed 1 bbl of condensate equals 1 bbl of crude

**Gas** 6.22 Bcf of gas per MMstb of crude (which is a conservative conversion ratio compared with the normal 6.0 and corrects the earlier OBL ASX release dated 13 April 2016).

The P90/P50 estimates above only consider prospective Laurel sequence at depths 2,500m to 5,000m measured depth; P10 estimates assume an additional 10% of prospective Laurel section.

Deeper additional Laurel Basal Shale gross prospective potential recoverable P50 resources down to 5000m have also been mapped by OBL and independently assessed by 3D-GEO at an additional 4.1Tcf and 103.7 MMbbls of associated condensate.

Overall gross prospective potential recoverable P50 resources down to 5000m within the onshore eastern portion of the Derby Block is now independently assessed at 28.7 Tcf and 717.7 MMbbls of associated condensate.

OBL emphasizes that the independent assessment of the new mapping of the deep prospects within EP487 (to assist the variation application) is preliminary and are subject to change/revision following an assessment and incorporation of new public information released to the ASX by Buru Energy Limited on 22 January 2016 and 18 April 2016.

### **Variation Application – Proposed Work Program**

On 2 February 2016, the WA DMP approved the OBL application on behalf of the EP487 Joint Venture to vary the Year 1 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. In support of delineating deep BCG prospects (see below), the EP 487 Joint Venture reprocessed 140 line km of vintage 2D seismic and integrated this with recent 2D and 3D seismic and assessed the newly-public file data on the nearby BCG wells at Yullero-3 and -4, Valhalla-2, Valhalla North-1, Paradise-1 and Asgard-1, with a re-assessment of the vintage deep East Yeeda-1 (1985) well on the Derby Block (which intersected an abnormal pressure tight gas pay in the Upper Laurel through a 286 m gross interval).

### **Operatorship**

OBL advises notwithstanding RLS legal proceedings which have commenced in the Supreme Court of Western Australia on 12 February 2016, OBL continues as Operator of the Derby Block and has, since the variation was approved, delineated Laurel BCG well targets for Year 2 and Year 3 and has prepared a EP487 preliminary work plan and budget to complete Stage 1 Environmental Plan (Drilling and Production Testing) which has been submitted to the EP487 Joint Venture (subsequent to quarter-end).

OBL has been seeking a quick resolution to these issues concurrent with initially finalising the variation applications with the DMP and submission of the Stage 1 work program. The Company has offered various mediation proposals to RLS on 20 January 2016 and again on 19 April 2016.

The proceedings have been tentatively listed for hearing in the Western Australian Supreme Court on 25 May 2016.

## **GIPPSLAND BASIN**

### **Permit Vic/P47 – OBL 100% & Operator**

- ✓ The new QI/AVO assessment is expected to resume in June quarter.

### **Permit Vic/P41 – OBL 35.435%**

- ✓ Work continues on the assessment of deeper Emperor formation prospects.

## **CARNARVON BASIN**

### **Cyrano R3/R1 – OBL 100% & Operator**

- Given the low oil price environment work is presently focused on the preparation of a renewal application for this asset.

## **INTERESTS IN PETROLEUM PERMITS**

<b>Petroleum Tenement</b>	<b>Location</b>	<b>Beneficial Percentage held</b>	<b>Interest acquired/granted during the quarter</b>	<b>Interest disposed/farm-out during the quarter</b>
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 effectively 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

## **CORPORATE**

### **10 for 1 Consolidation Complete**

On 8 April 2016, the Company held an Extraordinary General Meeting at which OBL shareholders voted to consolidate the share capital on a 10 for 1 basis.

Consolidated share trading of OBL listed ordinary shares commenced on the ASX on 21 April 2016.

### **CASH POSITION:**

Cash and near-term cash holdings at 31 March 2016 was circa \$92,000.

In the event that further working capital is required, the Company has a placement capacity of approximately 27.5 million shares and believes that it will be able to source additional funds. The Company is an exploration Company and, as such, does not have a stable source of income. That situation has not changed since the Company was first admitted to the ASX.



Neil F Doyle, SPE  
Director & CEO  
29 April 2016

## ***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 (i.e. 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 resources 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 34 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 32 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 and therein.