



OIL BASINS LIMITED

ABN 56 006 024 764

16th March 2017

ASX Market Announcements
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
Sydney NSW 2000

Dear Sirs,

WITHDRAWAL OF OIL BASINS LIMITED (OBL) FROM THE EP487 DERBY BLOCK PERMIT

The Directors of Oil Basins Limited (OBL) wish to advise that OBL has decided to effectively withdraw from its position as a 50% Joint Venture Partner in EP487 (Derby Block).

Rey Resources Limited (REY) holds 50% of EP487 via its subsidiary company Rey Lennard Shelf Pty Ltd (RLS). RLS is the Operator of EP487. OBL has executed a binding Asset Sale Agreement to transfer its 50% ownership of EP487 to Rey Derby Block Pty Ltd which is a further subsidiary of REY (RDB).

The transfer will occur at a nominal value and will relieve OBL of any funding obligations under the current Joint Operating Agreement. This relief includes the waiver of approximately \$577,000 of existing cash calls made by REY on OBL and a further \$32,000 of legal fees outstanding from historical disputes. The transfer will affect a full settlement of all claims between REY and OBL in relation to the Derby Block.

The Asset Sale Agreement has two Conditions Precedent requiring both approval of the asset transfer by the Foreign Investment Review Board and approval under the Western Australian Petroleum Legislation. As part of the asset sale, RDB will formally assume the royalty payment obligations of OBL in respect of its interest in EP487 owed to OBL's subsidiary Oil Basins Royalties Pty Ltd.

OBL has determined that the Derby Block no longer remains a core asset for the Company as OBL is not willing to fund its 50% commitment to the EP487 work program and is not prepared to raise the capital to do so.

For this reason OBL has decided to withdraw from EP487 and will focus on the continued assessment and conceptual studies for development of the Company's Offshore Permit VIC/P47 in the Gippsland Basin. VIC/P47 contains the Judith Gas Field which is located 2km from the Kipper Field currently being developed by Esso Australia Resources, BHP Billiton and Mitsui.

Yours faithfully

Carl Dumbrell
Director - Company Secretary