OIL BASINS LIMITED

ABN 56 006 024 764

10 December 2014

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

Dear Sirs,

CYRANO OIL FIELD R3/R1
INDEPENDENT REVIEW CONFIRMS SIGNIFICANT INCREASE
IN GREATER CYRANO P50 RESOURCES

The directors of Oil Basins Limited (ASX code **OBL, OBL** or the **Company**) are pleased to make the following ASX and Media Announcement.

HIGHLIGHTS:

- A new independent resource assessment was performed by 3D-Geo Pty Ltd (3D-GEO) to define the in-place and recoverable oil and gas resources within Mardie and Barrow reservoirs in the Greater Cyrano Oil Field and Elimia Oil Prospect within the Company's wholly-owned R3/R1Retention Lease.
- The study was comprehensive involving stratigraphic correlation, reservoir characterization and petroleum reservoir engineering. Seismic interpretation, mapping and depth conversion of 3D seismic data was conducted within the R3/R1 Lease and adjacent areas including the Nasutus Oil Field.
- This study focused upon defining conservative base case assessments of recoverable oil in Barrow and Mardie reservoirs
- It included a new assessment of the Mardie Greensand reservoir combined with an updated assessment (using complimentary methodology) of the more productive and highly permeable underlying Barrow Group reservoirs.
- Greater Cyrano and Elimia oil-in-place P50 resources were upgraded by 28% to 13.4 MMstb.
- Corresponding P50 recoverable resources increased by 59% to 2.68 MMstb.

KEY POINTS:

For the Greater Cyrano Oil Fields and Elimia Prospect:

- Proven P90, Probable P50 and Possible P10 oil-in-place resources (STOIIP) are independently assessed at 9.7 MMstb, 13.4 MMstb and 20.9 MMstb respectively.
- Using standard SPE PRMS guidelines with respect to recovery factors, the Proven P90, Probable P50 and Possible P10 recoverable prospective oil resources (including contingent recoverable oil resources) are independently assessed at 2.08 MMstb, 2.68 MMstb and 4.10 MMstb respectively.
- When resources from the Nasutus Extension (from nearby Apache Energy operated Retention Lease R5) are included, the overall recoverable prospective oil resources within R3/R1 (including contingent recoverable oil resources) are independently assessed at 2.28 MMstb, 3.01 MMstb and 4.59 MMstb respectively.
- This new independent study by 3D-GEO using Petrel™ was based upon a comprehensive 3D reservoir model for both the Mardie and Barrow reservoirs based on interpretation and mapping of 3D seismic incorporating well data
- Key reservoir characteristics and parameters of individual oil pools and prospects in both the deeper Barrow Group reservoirs and the shallower and volumetrically larger Mardie Greensand reservoir were applied to all Base Case Assessments.
- These independently assessed risk-weighted estimates based upon Monte Carlo simulation, are, in the Company's opinion, conservative as the methodology of assessment used ignores the use of modern development technologies.
- These Base Case Asssements can form the foundation for any future study involving additional reservoir modelling and simulation to better determine overal recovery factors using different, modern development scenarios (e.g. horizontal wells; multi-lateral completions; deployment of electric submersible multiphase, down-hole pumps).
- It is anticipated that these reservoir studies will lead to a de-risking of the overall Cyrano recoverable resource and provide options for economic development.

CYRANO & RETENTION LEASE R3/R1 – OBL 100% & OPERATOR

OBL holds 100% of Retention Lease R3/R1 in the offshore Carnarvon Basin (Figure 1). The retention lease covers approximately 80 km^2 in relatively shallow water (~15m).

There are four wells in the permit: Cyrano-1, Cyrano-2, Fennel-1 and Lindsay-1. The two Cyrano wells define an oil field containing heavy biodegraded oil (22.8 degree API) with a relatively high oil viscosity (3.95 cp) within Mardie Greensand and Barrow Group reservoirs. The majority of recoverable oil is contained within Barrow sandstones with good (porous and permeable) reservoir properties for oil production while oil and gas occurs within the overlying Mardie Greensand which has marginal reservoir properties.

The oil at Cyrano-1 has similar properties to that recovered from the Nasutus Oil Field (defined by the Nasutus-1 and Nares-1 discoveries in adjacent Retention Lease R5) that extends into the R3/R1 retention lease from the north. Nasutus-1 flowed oil on test at 1,637 bopd (21.3 degree API) ie similar crude oil. Fennel-1 and Lindsay-1 have minor hydrocarbon shows and are interpreted to be water wet.

OBL became operator of Cyrano in October 2011.

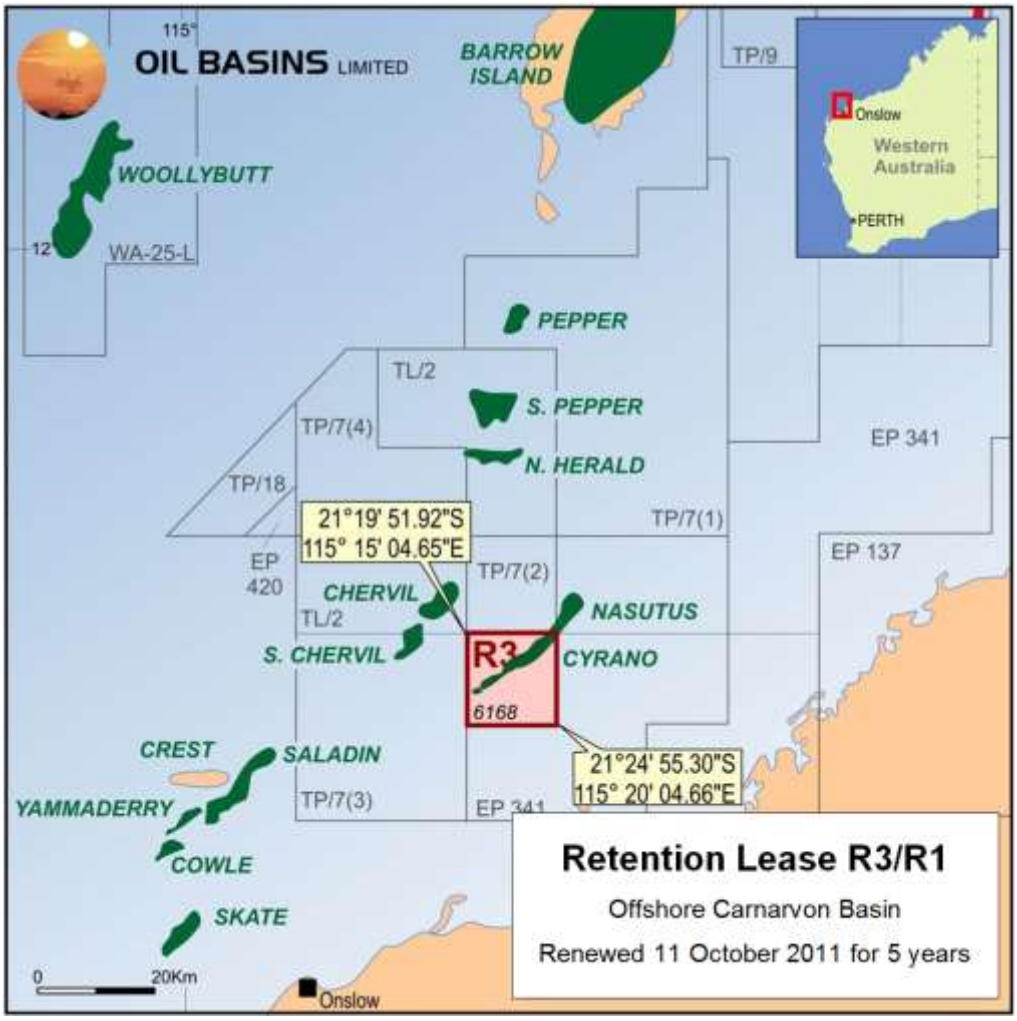


Figure 1: Location map of Retention Lease R3/R1

- Earlier work completed by OBL in 4Q 2012 (refer to OBL ASX Release dated 18 December 2012) included a comprehensive new petrophysical evaluation of all wells; identification of oil and gas pay; stratigraphic correlation; reservoir characterization; and petroleum reservoir engineering. 3D seismic within the R3/R1 retention lease and adjacent areas was also newly interpreted, mapped and depth converted.
- An important result was re-assignment of the Airlie Sandstone interpreted at Cyrano-1 and Cyrano-2 to the Barrow Group. Stratigraphic correlation with Nasutus-1, which was almost fully cored and its reservoir properties analysed, now suggests that this important reservoir unit is instead part of an Upper Barrow Group transgressive sequence with much better reservoir properties than previously assigned.
- The new mapping indicates that the Barrow reservoir oil resources over Greater Cyrano are split into three (3) discrete oil pools comprising: Cyrano Central, Cyrano East and Cyrano West.
- Exploration upside in the Barrow reservoir has been delineated in the newly defined Elimia Prospect (previously defined as part of the Cyrano Oil Field) which is located on-trend and up-dip immediately west of Greater Cyrano.
- Additional oil resources are contained in the east of R3/R1 with the extension of the Nasutus Oil Field into the R3/R1 retention lease area from the northeast.

New Work during R3/R1 Year 3 Work Program

OBL has recently completed the Year 3 work program geological and geophysical studies.

The key objectives were to:

- Review and complete the interpretation of the Mardie Green Sand formation.
- Depth conversion of maps and faults.
- Build a water-tight 3D model (using Petrel^{TM}) of the Oil Pools and Prospects in both the deeper Barrow Group and shallower Mardie Green Sand reservoir formations.
- Estimate representative reservoir parameters and determine their range.
- Calculate the conservative probabalistic hydrocarbon in place and recoverable resources in accordance with SPE PRMS with no application of horizontal completion and no electric submersible pumping technologies.

Yours faithfully

Neil Doyle SPE
Director & CEO

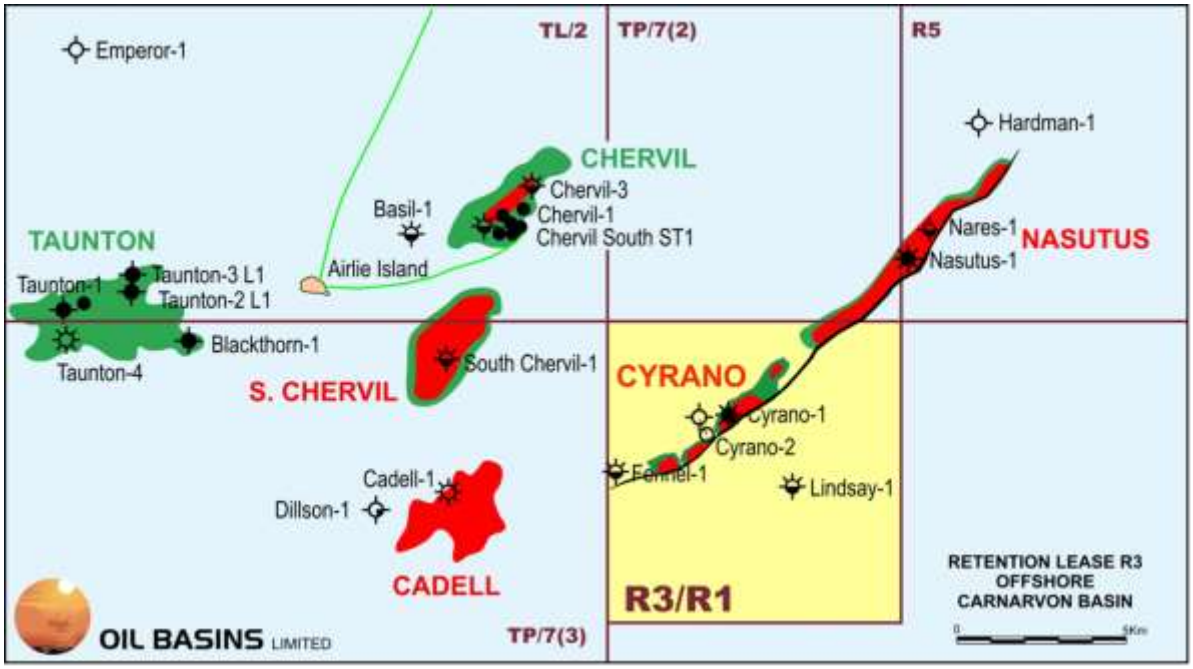


Figure 2: Regional Location of R3/R1 and view of Cyrano Oil Field.

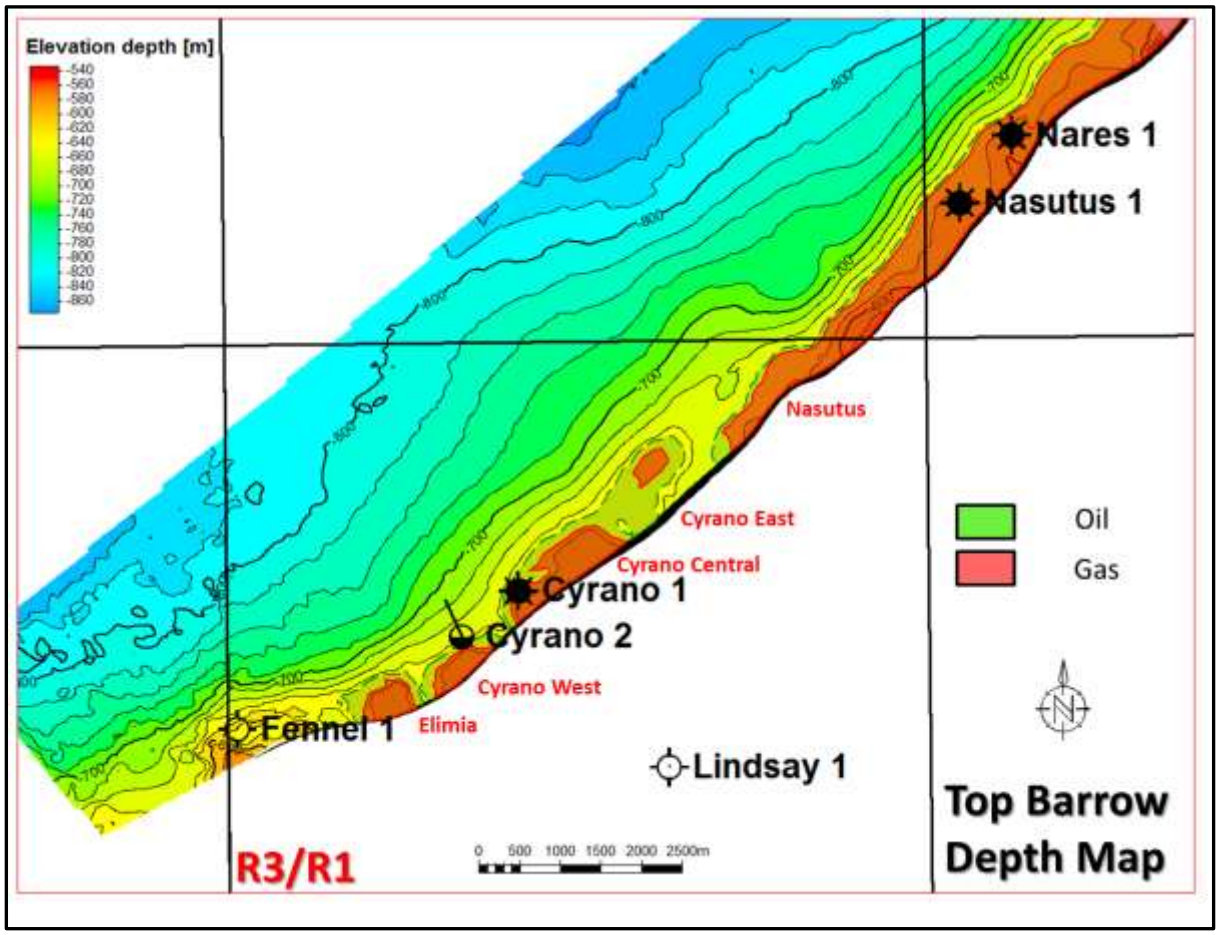


Figure 3: Top Barrow Depth Map showing Cyrano Central (oil discovery) and the Cyrano East and Cyrano West oil pools, Nasutus Oil Field Extension into R3/R1 and the Elimia oil prospect.

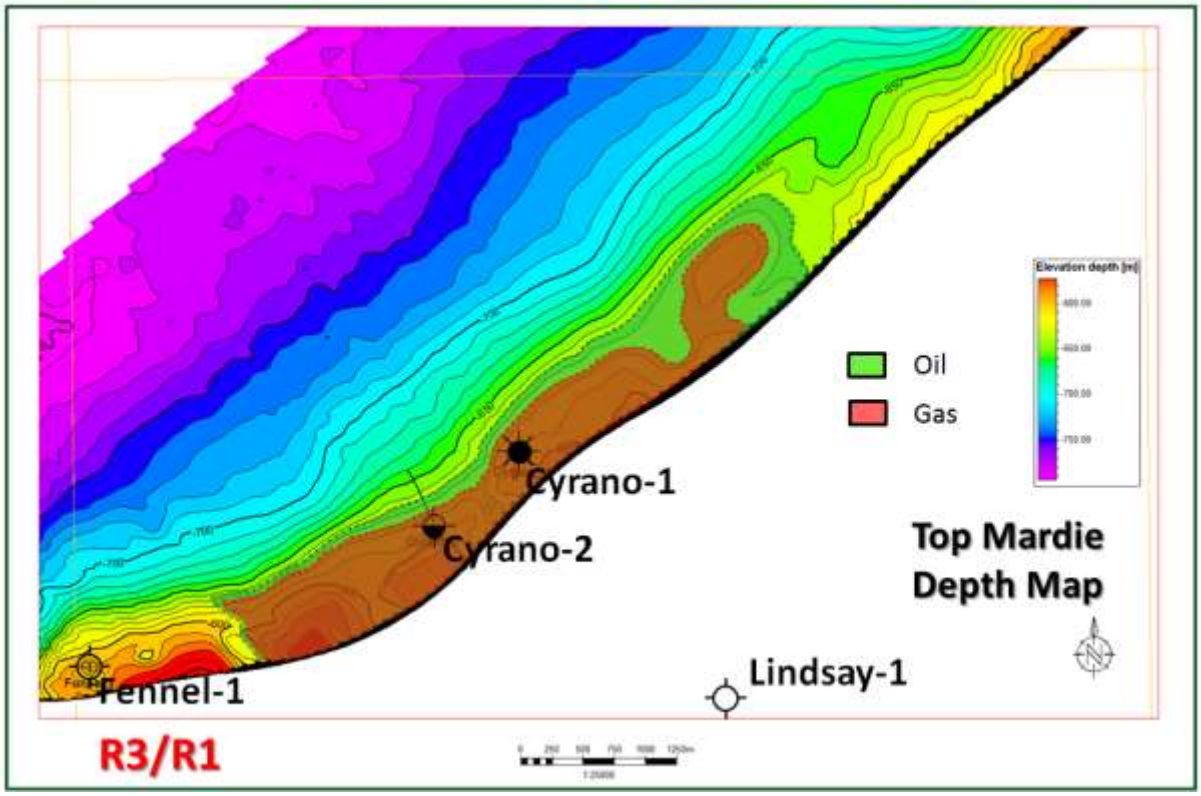


Figure 4: Latest Top Mardie Greensand depth map showing Greater Cyrano oil and gas discovery for the P50 case.

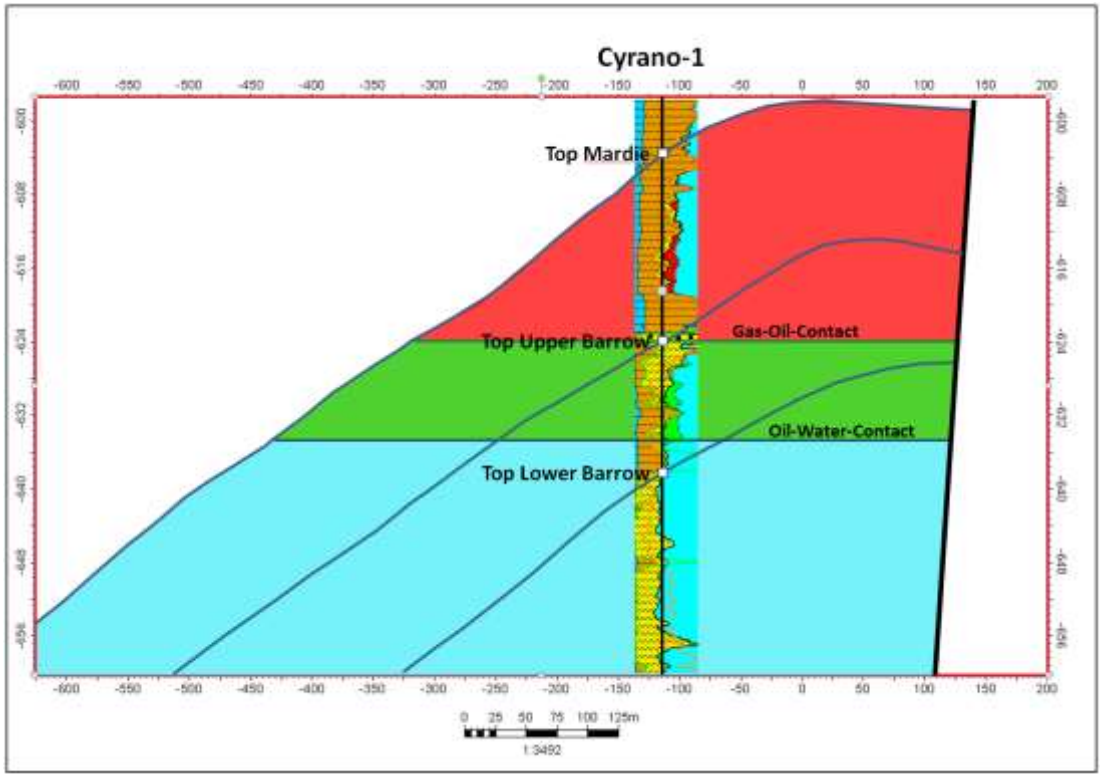


Figure 5: Cyrano Oil Field base reservoir model showing field gas-oil and oil-water contacts for the P50 case.

INDEPENDENT RESOURCES ASSESSMENT
SPE (2011) PRMS GUIDELINES

Greater Cyrano and Elimia Prospect	Probable Resources - STOIIP MMstb		
	P90	**P50**	**P10**
Barrow Group Reservoirs	6.30	8.00	9.90
Mardie Greensand	3.40	5.40	11.00
Sub-total	**9.70**	**13.40**	**20.90**

Greater Cyrano and Elimia Prospect	Probable Resources - Recoverable MMstb		
	P90	**P50**	**P10**
Barrow Group Reservoirs	1.60	1.90	2.50
Mardie Greensand	0.48	0.78	1.60
Sub-total (a)	**2.08**	**2.68**	**4.10**
Included within the BarrowGroup SST			
	1C	**2C**	**3C**
Cyrano Central Oil Pool	**0.48**	**0.76**	**1.00**
Refer to ASX Release dated 18 December 2012			
Plus in addition BarrowGroup SST (only)	**1C**	**2C**	**3C**
Nasutus - Extension (R3/R1) Sub-total (b)	**0.20**	**0.33**	**0.49**
Refer to ASX Release dated 18 December 2012			

	Probable Resources - Recoverable MMstb		
	P90	**P50**	**P10**
Total Resources within R3/R1 (a) + (b)	**2.28**	**3.01**	**4.59**

APPENDIX 1

ABOUT OIL BASINS LIMITED

Oil Basins Limited (ASX codes: **OBL**, **OBLOB**) is involved in exploration and development of oil and gas in the offshore Gippsland Basin, Victoria, the onshore Canning Basin of Western Australia and the offshore Carnarvon Basin, Western Australia.

ABOUT 3D-GEO PTY LTD

3D-GEO Pty Ltd is a seismic and structural modeling consultancy based in Melbourne, Australia. With a collaborative mixture of petroleum industry experience and academic rigour, 3D-GEO provides innovative solutions to a broad range of clients across the Australasia region and the Middle East. 3D-GEO has extensive exploration experience in fold and thrust belt structural analysis, as well as demonstrated expertise in the extensional basins of Austral-Asia and the Sub-continent.

COMPETENT PERSON STATEMENT

Information on the Reserves and Resources in this release is based on an independent evaluation conducted by 3D-Geo Pty Ltd (3D-Geo). 3D-GEO is a private consultancy. The work was undertaken by a team of petroleum engineers, reservoir engineers, geoscientists and petrophysicists and is based on data supplied by OBL. The technical assessment was performed primarily by Mr Hadi Nourollah, Director 3D-GEO. Mr Nourollah holds the qualification MSc (Petroleum Geoscience) from Imperial College London, has over 12 years of experience as a geophysicist and is a Member of Society of Exploration Geophysicists (SEG). 3D-GEO's approach has been to review the data supplied by OBL for reasonableness and then independently estimate ranges of in-place and recoverable volumes. We have estimated the degree of uncertainty inherent in the measurements and interpretation of the data and have calculated a range of recoverable volumes, based on predicted field performance for the property. 3D-GEO and Mr Nourollah have given their consent at the date of the release to the inclusion of this statement and the information in the form and context in which they appear in this release.

APPLICABLE RESERVES & RESOURCES REPORTING GUIDELINES & DEFINED TERMS

In the determination and classification of Reserves and Resources, Oil Basins Limited applies the Society of Petroleum Engineers Petroleum Resources Management System (**PRMS Guidelines**). The terms "Contingent Resources" and "Prospective Resources" used in this release are as defined by the PRMS Guidelines (relevant extracts as provided below):

PROVED RESERVES

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.

If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes:

- the area delineated by drilling and defined by fluid contacts, if any, and
- adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.

Often referred to a P1, sometime referred to as "proven".

PROBABLE RESERVES

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.

It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

Possible Reserves

Possible Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves

The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of commercial production from the reservoir by a defined project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.

CONTINGENT RESOURCES

Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources.

Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

PROSPECTIVE RESOURCES

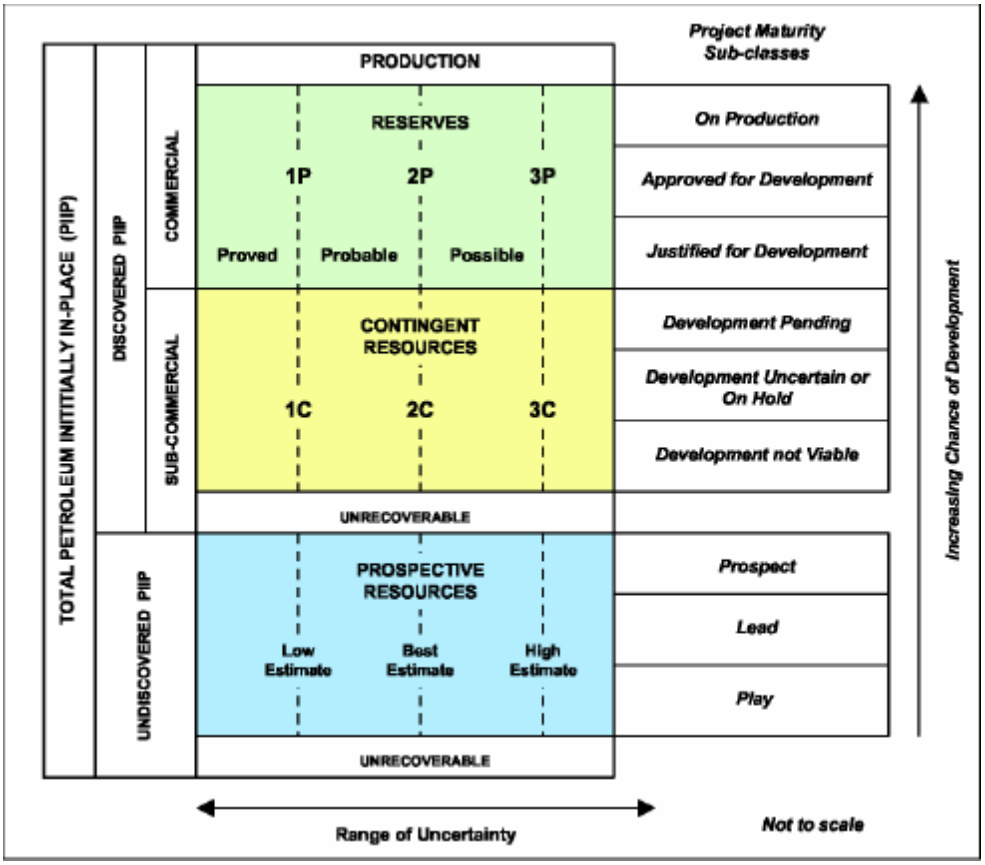
Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

Potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analogue developments in the earlier phases of exploration.

Prospect – A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target. Project activities are focused on assessing the chance of discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.

Lead – A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect. Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the lead can be matured into a prospect. Such evaluation includes the assessment of the chance of discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.

Play – A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects. Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific leads or prospects for more detailed analysis of their chance of discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.



GLOSSARY & PETROLEUM UNITS

M	Thousand
MM	Million
B	Billion
bbl	Barrel of crude oil (ie 159 litres)
stb	Stock tank barrel – barrel of stabilised crude oil at atmospheric pressure
PJ	Peta Joule (1,000 Tera Joules (TJ))
Bcf	Billion cubic feet
Tcf	Trillion cubic feet (ie 1,000 Bcf)
Bscf	Billion standard cubic feet (raw gas)
BOE6	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
CSG	Coal seam gas (CSG) or alternatively known as coal seam methane (CSM) is natural gas sourced from coal. Methane = CH4 = 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
STOIIP	Stock Tank Oil Initially In Place – stabilised crude at atmospheric pressure