



OIL BASINS LIMITED

ABN 56 006 024 764

27 January 2015

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

Dear Sirs

DERBY BLOCK (EP487) UPDATE

The Directors of Oil Basins Limited (**OBL** or the **Company**, ASX code **OBL**) wish to make the following ASX announcement to keep the market fully informed.

On 27 January 2015, Octanex NL (ASX code **OXX**) by its wholly owned subsidiary Octanex Operations Pty Ltd (**Operations**) has, after expiry of the year's extension, decided to terminate the Deed of Sale and Co-Operation made between Operations and OBL dated 23 January 2013. As a result OXX has no interest in or claim on EP487. OBL thanks OXX for its previous support.

On 28 November 2014, Rey Resources Limited (ASX code **REY**) announced that its wholly owned subsidiary Rey Lennard Shelf Pty Ltd (**RLS**) had entered into a Sale and Purchase Agreement with BOPL for its 50% interest under certain prescribed terms and conditions. On 2 January 2015, REY advised that with BRU's withdrawal one condition had been met and that *"RLS will also assume the conduct of, and bear the costs of, the SAT proceedings and outstanding legal claims on BOPL by Oil Basins in the WA District Court and Magistrates Court in connection with the expenses incurred on management of the Derby Block to date. RLS will have the ability to terminate the Agreement and be relieved from any obligation to conduct and bear the costs of these proceedings at any time on the giving of 14 days' notice to BOPL"*.

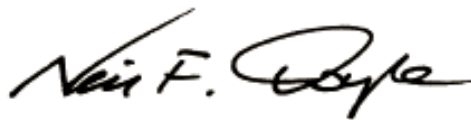
OBL advises that despite a number of meetings held to date with REY in Melbourne and Perth over the period mid-December 2014 to late-January 2015, and despite a number of concessions offered, no agreement has been concluded to date to the satisfaction of both parties. The key issues are REY's insistence to date in OBL dropping the SAT action and REY's reluctance to agree to any subsequent farmout to a third party in the joint venture operating agreement.

OBL maintains all of its rights under both the previous two binding Memoranda of Understanding (2010 and 2011) with BOPL which have been lodged with the WA Department of Mines and Petroleum (DMP), and maintains all its rights under the current SAT and other legal actions.

As previously stated, should OBL be successful in the SAT action, OBL will then effectively attain 100% of the title to EP487.

Once EP487 ownership and the joint venture operating agreement is finalised, OBL as operator intends to seek a farmout of EP487 as it presents a significant opportunity for an E&P company experienced in “deep tight wet gas” to secure a significant stake in a highly prospective permit within the Fitzroy Trough close to infrastructure (**Figure 1**) where the Year #1 Work Program (500 km 2D seismic survey) is both well advanced and has recently been successfully extended to 13 December 2015 for completion.

Yours faithfully



Neil Doyle SPE
Director & CEO

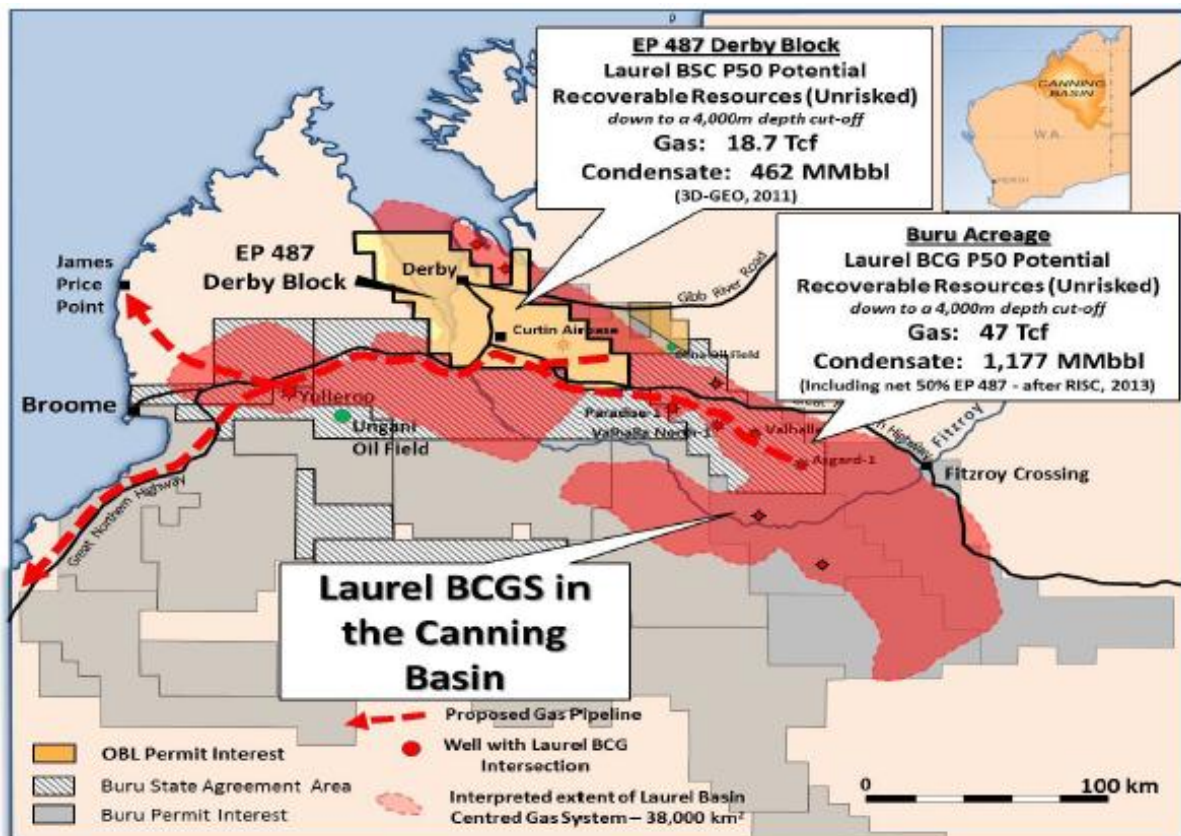


Figure 1
EP487 is a prospective hydrocarbon address for wet Laurel Basin Centred Gas