



OIL BASINS LIMITED

ABN 56 006 024 764

September 2016 Quarterly Activities Report

Changes in Management

On 15 August 2016 the company appointed Daniel Justyn Peters and Vaz Hovanessian as directors.

Daniel Justyn Peters – has graduate law and politics degrees and is Executive Chairman of Leigh Creek Energy Limited (ASX: LCK). Previously he was Executive General Manager for Linc Energy Limited, Queensland EPA Head of Investigations and Compliance and then acting Director of Central and Northern Regions. He earlier managed the integration of the environmental regulation of Queensland mining into the EPA.

Vaz Hovanessian – has graduate and postgraduate degrees in Accounting and Finance with over 25 years experience with junior oil & gas and mining companies and has held directorships, secretarial and finance roles in several of them. He has served on the boards or held positions of Company Secretary / CFO roles in ASX listed Beach Petroleum, Stirling Resources, Capital Energy, Zephyr Minerals and Silver Mines. He is currently executive director of Mandalong Resources Ltd and Broad Investments Ltd. Vaz has extensive corporate advisory, finance, property and tourism experience.

Nigel Harvey resigned from the board on 15 August 2016, when the new board members joined the company. The board thanks Nigel for his service to OBL and wishes him well in his new position as director of IOT Group Limited (ASX: IOT).

On 19 September 2016 Oil Basins Limited (OBL) held an Extraordinary General Meeting (EGM) of shareholders. The meeting was requested by a shareholder in accordance with section 249D of the Corporations Act 2001 (Cth), with resolutions put forward to remove Kim McGrath and Neil Doyle as directors.

The shareholders voted to remove Kim McGrath and Neil Doyle from their positions as directors of the company.

Australian Securities & Investments Commission

On 27 September 2016 the company received a letter from the Australian Securities & Investments Commission (ASIC) in relation to the conduct of the then Chairman (K.M. McGrath) at the 2015 Annual General Meeting (AGM) held in Melbourne on 30 November 2015.

The ASIC letter stated “We are aware that the resolution at the Oil Basins Limited’s Annual General Meeting of 30 November 2015 was passed on a show of hands. This was in the circumstances where 43.20% of the proxy votes received prior to the meeting voted against the adoption of the Remuneration Report for the year ended 30 June 2015”.

The decision of the Chairman to pass the resolution on a show of hands avoided recording the first “strike”. ASIC is concerned that the Chairman has failed to properly record the true result of the members of Oil Basins Limited at the 2015 AGM.

The new board is conducting a review of the voting and actions of the Chairman at the 2015 AGM, and has put measures in place for the proper recording and reporting of votes at general meetings.

Sale of Royalties Company to Ochre Group Limited

On 24 August 2016 OBL entered into an agreement with Ochre Group Holdings Limited (ASX: OGH) and its wholly owned subsidiary, Ochre Capital Management Pty Ltd (Ochre) for the sale of its wholly owned subsidiary, Oil Basins Royalties Pty Limited (OBR), which owns the following royalties:

- 2% in VicP47;
- 2% (effective) in Derby Block EP487; and
- 2% in Cyrano R3/R1

The consideration for the sale will be an advance of \$400,000 by OGH to OBL, which was announced on 9 August 2016.

EP487

OBL holds a 50% joint venture interest in EP487 in the Canning Basin, Western Australia with Rey Resources Limited (ASX: REY). On 20 October 2016 REY announced to the ASX that a Buy-out Notice in respect of OBL's 50% interest was delivered to OBL on 19 October 2016.

OBL disputes the validity of this Buy-out Notice along with the process leading to the formulation of the Buy-out Notice. OBL will strongly defend its rights on this matter.

Surrender Title – Vic/P41

On 30 September 2016 OBL wholly owned subsidiary Shelf Oil Pty Ltd (Shelf Oil) and Bass Strait Oil Company Limited (Bass Strait) applied to the National Offshore Petroleum Titles Authority (NOPATA) to surrender their joint venture interest in Vic/P41.

Bass Strait and OBL agreed that the forward work program is uneconomical and it is in all parties' best interests to surrender the title.

Lind Repayment

On 9 August 2016 OBL paid \$155,000 to The Australian Special Opportunity Fund LP (Lind) in respect of the Convertible Funding Agreement dated 5 November 2015.

Capital Raising

A share placement of 36.5 million new OBL shares was made on 11 August 2016 raising a gross amount of \$255,500.

The company announced a Share Purchase Plan (SPP) on 7 September 2016 to all shareholders registered on the Company's share registry at 7pm on Tuesday 6 September 2016.

The SPP closed on 19 October 2016 raising a gross amount of \$315,000 and issuing a further 39.375M new OBL shares.

The company currently has issued capital (as at 28 October 2016) of:

| | | |
|--|--------------|-------------|
| Ordinary fully paid shares (ASX: OBL) | | 254,768,561 |
| Options expiring 17 November 2018 (Ex \$0.04658) | (ASX: OBLAA) | 6,700,000 |
| Options expiring 14 September 2017 (Ex \$0.232) | (ASX: OBLAK) | 800,000 |

Strategic Review

The board has commenced a strategic review of the company, its assets, suppliers and forward obligations. The company is determined to reduce costs and only undertake work which in its opinion will add value to shareholders. The company will put the interests of shareholders ahead of the interests of suppliers whom are undertaking work which does not add any value to the company assets.

Yours faithfully



Carl Dumbrell
Company Secretary & Director

Oil Basins Limited Tenement holding summary

Below is a listing of the tenements held by Oil Basins Limited as at 30 September 2016:

| 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