



OIL BASINS LIMITED

ABN 56 006 024 764

30 May 2014

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

Dear Sirs

OPERATIONS UPDATE PERMIT EP 487, CANNING BASIN

The Directors of Oil Basins Limited (**OBL**, ASX codes **OBL** and **OBLOB**, or the **Company**) are pleased to make the following ASX announcement to keep the market fully informed.

HIGHLIGHTS

- OBL as a duly registered titleholder and operator of Petroleum Exploration Permit EP 487 (**EP 487**) is about to commence operations on **EP 487** with a Class 1 Flora and Fauna Survey over the route of the proposed 500 line km of 2D seismic.
- Commencing in early April 2014, OBL conducted a tender process to appoint an environmental consultant on behalf of the EP 487 Joint Venture. After reviewing proposals in early May, the Company appointed *ecologia* Environmental Consultants Pty Ltd (**ecologia**), a Perth based subsidiary of ASX listed Resource Development Group Ltd (ASX code **RDG**), to provide environmental consultancy services to the Joint Venture.
- Recently, the Company has appointed a Regional Area Manager based in Broome and is presently in the process of finalising a base operations facility in Broome.
- OBL has obtained land access agreements with all affected landowners and senior management have met all impacted station managers and stakeholders.
- OBL has indicated to all impacted EP 487 partners and potential partners (Backreef Oil Pty Ltd, Octanex NL (ASX code **OXX**) and Buru Energy Limited (ASX code **BRU**)) that it will as operator fund this initial survey in the interim so as to maintain the permit in good standing and not lose critical time deadlines (eg short-duration wildflower blooming season is presently occurring).

Commencement of EP 487 Operations

OBL as a duly registered titleholder and operator of EP 487 takes its position as operator EP 487 very seriously.

The Company is well credentialed to undertake this task, has experience in Canning and the region, has a newly established regional base in Broome, and has been planning for this event since early 2012. Since that time the Company has undertaken a detailed assessment of the conventional and unconventional potential of the permit with the knowledge of the Department of Mines and Petroleum (**DMP**) (with no deductions against the current 2014 work program).

Pursuant to the DMP Grant of Title covering letter dated 14 March 2014 requesting a meeting with the DMP within a month, OBL as operator EP 487 arranged an appropriate meeting on 29 April 2014 to present forward plans for the two year forward activities to ensure that all EP 487 titleholders remain fully compliant.

The accurate cataloguing of native, and possibly rare, plants is integral to the environmental impact assessment to ensure that EP 487 permit holders remain compliant and to enable a valid Environmental Plan for the proposed 500km Seismic Survey can be lodged by 31 July 2014 (deemed the latest practical date by both OBL and DMP for any meaningful work program to be conducted during 2014).

2014 Work Program

In accordance with the terms of EP 487, the first-year work program requires 500 line km of 2D seismic to be shot and recorded (being operationally subject to environmental and stakeholder approvals and equipment availability, and subject to wet season parameters).

The seismic survey is to be conducted in accordance with the *Petroleum and Geothermal Energy Resources Act 1967* of WA and in compliance of the *Petroleum and Geothermal Energy Resources (Environment) Regulations 2012* of WA (**Petroleum Regulations**).

OBL presented to the DMP the overall objectives of the first two year work program with specifically the focus upon exploration for Unconventional Shale Gas (**USG**) and recognising the eastern portion of the permit is on-trend to nearby USG exploration successes at Paradise and Valhalla. OBL presented the need to focus the 500km 2D seismic survey to tie-in the vintage seismic lines in the north to those in the south of EP 487 to obtain a clearer picture of the USG target Laurel Shale gross rock volume and also the possibility of delineation of conventional prospects in the central and eastern section of the permit (which have been prognosed by 3D-Geo Pty Ltd).

On the DMP's suggestion, modifications were made to the draft seismic survey to avoid crossing adjacent third party permit boundaries, not to encroach within the Curtin Air Base perimeter boundary, and not to approach within 600m of proclaimed environment reservations and 2km of townships.

Additionally, honouring a verbal undertaking with WA Greens MP Robin Chapple, who is also a Derby resident, OBL's final seismic survey will not come within 10 km of the Town of Derby.

All recommendations have all been adopted by OBL and new maps have been prepared by its technical consultant 3D-Geo Pty Ltd with the assistance of WA Government cadastral surveyor Landgate.

Land Access

As required under the *Petroleum and Geothermal Energy Resources Act 1967*, OBL has contacted all affected landowners impacted by the proposed non-invasive Class 1 Flora and Flora Survey and is pleased to advise that it has received all necessary consents.

OBL senior management, with its newly appointed Broome based OBL Area Manager and *ecologia* Project Leader, last week meet on-site with representatives of all landowners and affected stakeholders and has also conducted a helicopter survey of the proposed work program route to identify and map drop zones (personnel and fuel) and existing cleared tracks for road access on the above properties.

Final plans and logistics are now well advanced to conduct the Class 1 Flora and Flora Survey next month and all relevant information and reports will be shared with all affected landowners.

OBL will make further subsequent announcements and updates as appropriate.

Yours faithfully

A handwritten signature in black ink, reading "Neil F. Doyle". The signature is fluid and cursive, with the first name "Neil" and last name "Doyle" clearly legible.

Neil F. Doyle SPE
Director & CEO

About ecologia

ecologia Environmental Consultants Pty Ltd provides sustainable environmental strategies, management and monitoring solutions to the resources industry and government.

Key facts:

- Established in 1989
- A subsidiary company of the ASX listed Resource Development Group (ASX: **RDG**), which also owns Engenium (studies and project delivery), Intellect Systems (industrial technology and system integrators) and Pacer Corporation (design and construct).
- Employs 40 professional scientists.
- Services include:
 - o **Environmental Management:** Statutory approvals, impact assessments, auditing, training and awareness, risk assessment, environmental management systems, management plans, due diligence, life of project capabilities, mine closure plans, hydrogeology, HSEQ.
 - o **Biological Sciences:** Botany and zoology; vertebrate fauna, invertebrate fauna, flora and vegetation, monitoring, groundwater dependent ecosystems, environmentally sensitive areas, flora and fauna surveys and management plans, rehabilitation.
- Clients include:
Fortescue Metals Group, Creasy Group/Bogada Gold, Polaris Metals, Water Corporation, Main Roads Western Australia, SolGold PTL, Oil Basins Limited, Green Rock Energy, Titan Resources, Anglo American Exploration, Hyperion Energy, Esperance Port Authority, Port Hedland Port Authority, Asia Iron Australia, Blackham Resources, Millennium Minerals, Sheffield Resources, Rio Tinto, BHP Billiton, Brockman Resources, SKM, Sinosteel Midwest Corporation and Mount Gibson Iron Ore.