



OIL BASINS LIMITED

ABN 56 006 024 764

18 November 2013

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

Dear Sirs

OBL INCREASES STAKE IN OFFSHORE GIPPSLAND

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.

OBL has executed today an agreement whereby the Company increases its stake in offshore Gippsland to an overall combined 35.435% by acquiring the Strategic Energy Resources Limited (ASX code **SER**) wholly owned subsidiary Shelf Oil Pty Ltd (**Shelf**) which holds a 17.5% interest in exploration permit Vic/P41 (**Figure 1**). OBL has also been granted a conditional exclusive option over SER's 25% interest in Vic/P47 (**Figure 2**), which may at OBL's nomination be split 50/50 between OBL and Shelf on exercise, and which exercise is subject to the offshore regulator NOPTA approving a new variation and extension to the 2014 Vic/P47 Work Program as submitted by the proposed new operator.

Under the terms of the executed Share Sale and Purchase Agreement for Shelf, OBL will issue SER 7.0 million new OBL ordinary shares at 2.0 cents per share for 100% of the equity of Shelf which only holds a 17.5% interest in Vic/P41. There are no pre-emptions with this transaction. Under the terms of the exclusive option with SER for the 25% interest in Vic/P47, on exercise OBL will issue SER a further 6.0 million new OBL ordinary shares at 2.0 cents per share.

Attributes of this transaction:

- OBL is very pleased with this strategic transaction as it increases the Company's exposure to the new gas supply/price dynamics that presently exist on the eastern gas market where gas shortages have been recently forecast to occur from 2017.
- Current Vic/P41 Work Program 2014 obligations are modest and OBL's effective combined interest increases to 35.435%.

- Should the 25% Vic/P47 option be successfully exercised, the combined OBL/Shelf net share of the variation 2014 Work Program is expected to be circa \$50,000.
- Both permits are adjacent to well-developed regional infra-structure (Patricia-Baleen Regional Subsea Hub & Onslow Gas Plant).
- Both permits have modern 3D seismic data and defined prospects – Vic/P47 has two undeveloped gas discoveries – Judith Gas Field (1989) and Moby Gas Field (2005) which latter was recently deemed a Location. Combined recoverable 2C and P50 gas resources are estimated at circa 150 Bcf.
- Permit Vic/P41 is an under explored permit - two 1980's wells drilled on 2D, both with invalid tests, but hosts circa an estimated 2.2 Tcf of P50 wet gas (previously reported by operator).
- Given the nearby oil/gas fields and the regional geological framework, the presence of reservoir/seal pairs and access to hydrocarbon charge are believed not significant risks. The current Vic/P41 2014 approved work program is designed to select a location for the Kipling-1 well (due in 2015) and to assess the fault seal risks with AVO anomaly data.
- Well defined (3D and AVO) field analogues – Golden Beach Formation: Kipper, recent new discovery South East Remora-1 (Kipling 'look alike' in Vic/P41) & older aged Emperor Formation: Longtom (Judith is a Longtom 'look alike' in Vic/P47).
- Subject to regulator approval, the new proposal is to review all prospective potential of the 3 graticular blocks which now comprise the Vic/P47 Permit (Figure 2) and with particular focus on gas nearby the Moby Gas Field and the Patricia-Baleen Subsea Hub and Pipeline to Shore and Orbost Gas Plant (infrastructure is presently wholly owned by Santos but is under-utilised by the Nexus Energy Longtom Gas Field Subsea Development).

With this increased strategic footprint within known highly prospective “gassy blocks” in offshore Gippsland, OBL expects to capitalise on the renewed interest under the expected high gas price regime in conventional oil and gas exploration, with well-established and underutilized gas hub and pipeline infrastructure nearby for accessing all east coast gas markets.

Yours faithfully



Neil F. Doyle SPE
Director & CEO

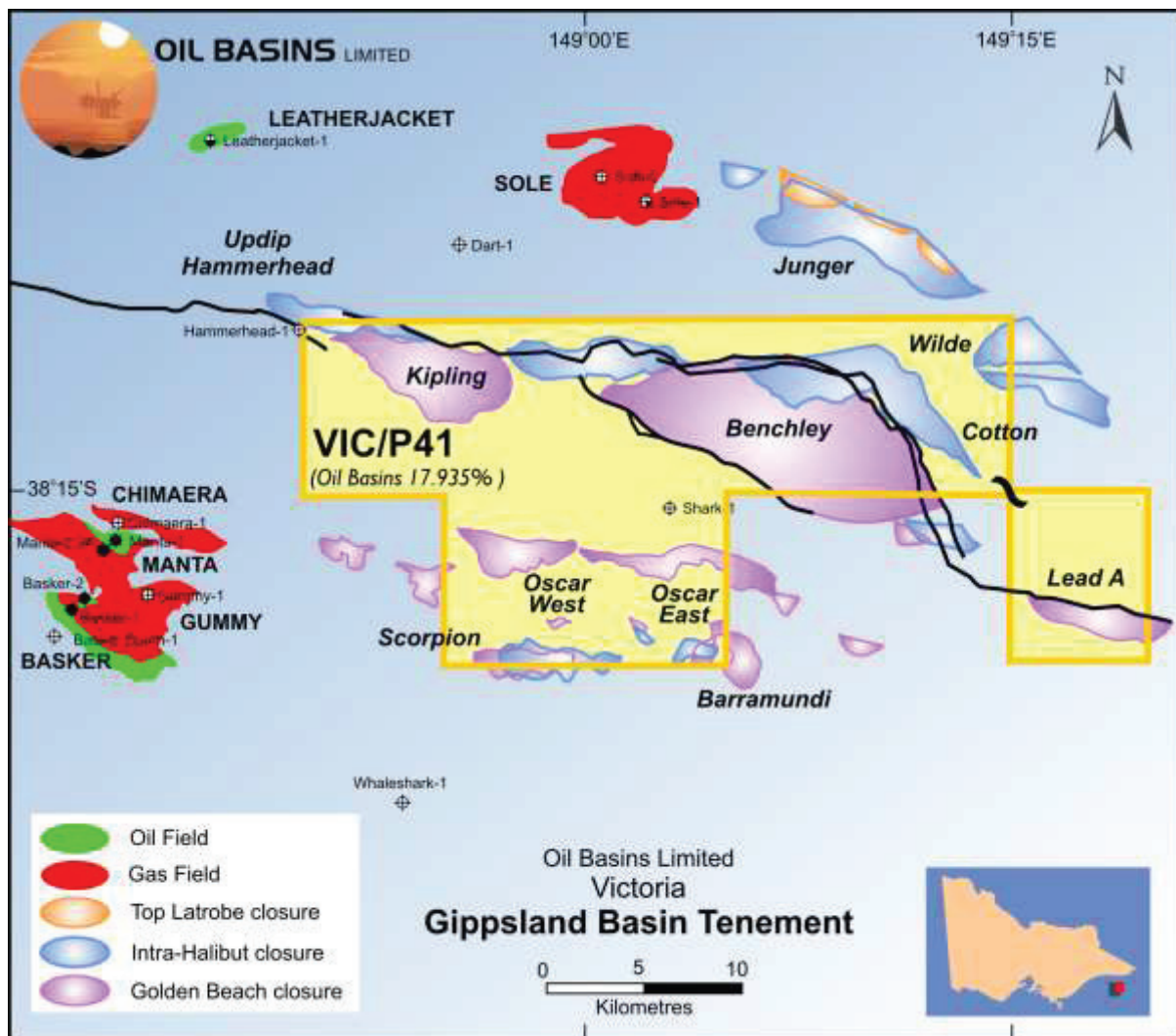


Figure 1

Permit Vic/P41 hosts a significant number of 3D Defined Prospects and Leads of well established and regionally defined play types

Oil Basins Limited combined interest 35.435% comprising:

Direct 17.935%

Indirect via Shelf Oil 17.5% (100% owned by OBL)

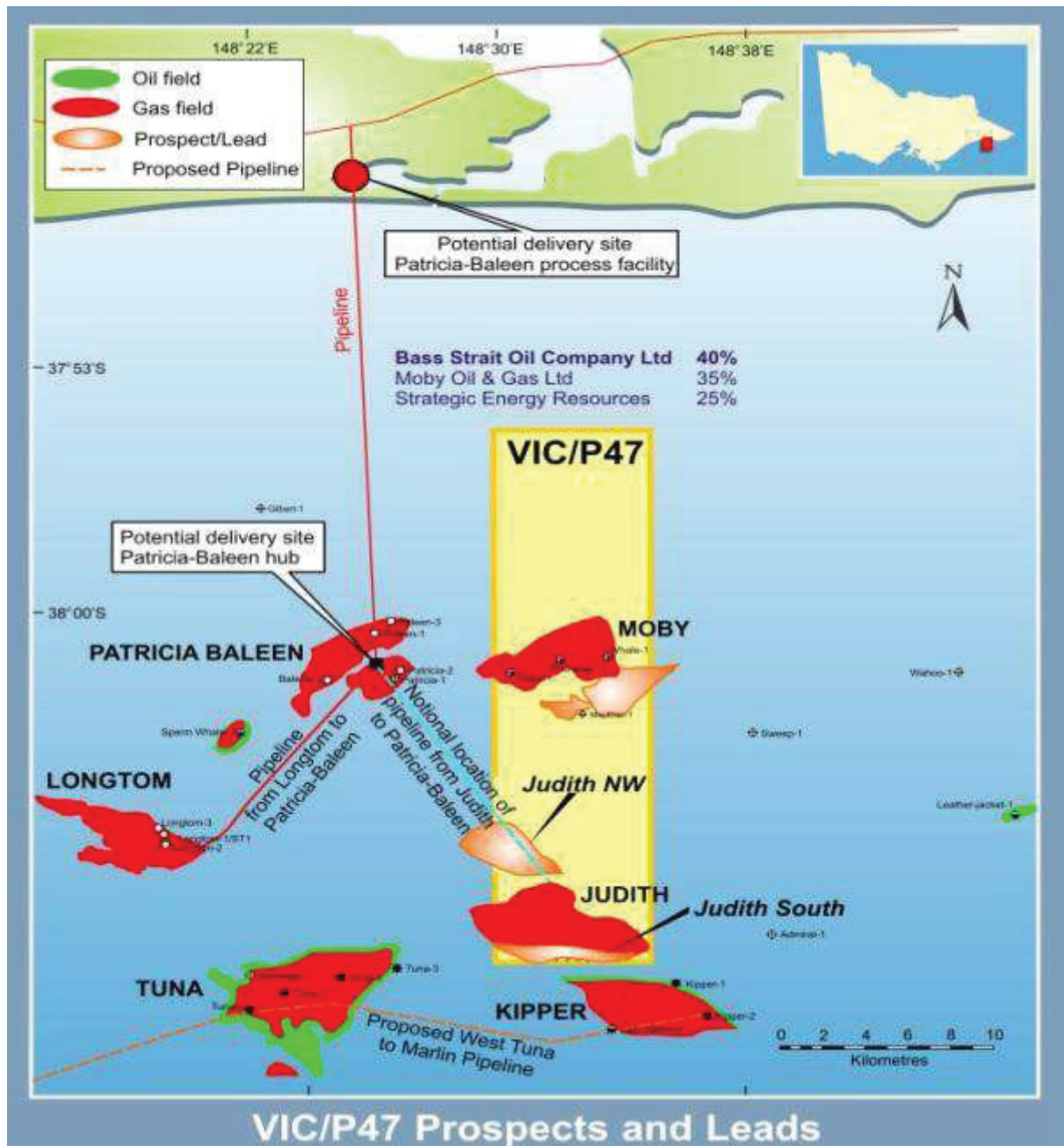


Figure 2

Permit Vic/P47 hosts the Moby Gas Field Location and the Judith Gas Discovery

**Subject to OBL's Exclusive Option being exercised
Oil Basins Limited combined interest 25% will comprise:**

Direct 12.5%

Indirect via Shelf Oil 12.5% (100% owned by OBL)