OIL BASINS LIMITED
ABN 56 006 024 764

1 April 2011

Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
Sydney NSW 2000

Dear Sirs

## *INDEPENDENT RESOURCE EVALUATION REPORT, CYRANO OIL FIELD*

Oil Basins Limited (ASX codes **OBL**, **OBLOA** & **OBLOB**) as 100% owner of Carnarvon basin permit R3 containing the Cyrano Oil Field has had independent reservoir evaluation and economic analysis engineers RPS Energy examine all relevant data available to reassess the field.

Their initial independent resource evaluation report (attached) shows that STOIIP (Stock Tank Oil Initially In Place) as at 1 March 2011 for just the Mardie Greensand and Airlie Sandstone is in total (refer to **Figures 1 & 2**):

| | MMbbl | |
|---|---|---|
| **P90** | **P50** | **P10** |
| 5.42 | 10.13 | 18.19 |

The Directors of OBL believe this to be a major upgrading of the Cyrano Oil Field (note the previous booked best estimate STOIIP for the Cyrano Oil Field was a modest 4.36 MMbbls) and, should future work demonstrate better recovery factors, expect this to have a significant impact on the value of all OBL issued securities.

Further, RPS Energy state that these figures do not include any estimate of a possible extension of the nearby Nasutus Oil Field into R3, which the Directors of OBL believe is likely and which could further raise the STOIIP numbers contained within R3. Also, these numbers do not include any analysis for the Fennel prospect within R3 which has already had one penetration with Fennel-1.

As previously stated, work is presently focused upon the Renewal of Retention Lease R3 Application with future work being focused primarily upon defining the evident Nasutus Oil Field extension into R3, the assessment of low cost development options (surface and sub-surface) and the potential for improving the overall field recovery factors and economics with the deployment of modern pumping technologies.

Yours faithfully

Neil Doyle SPE
Director & CEO

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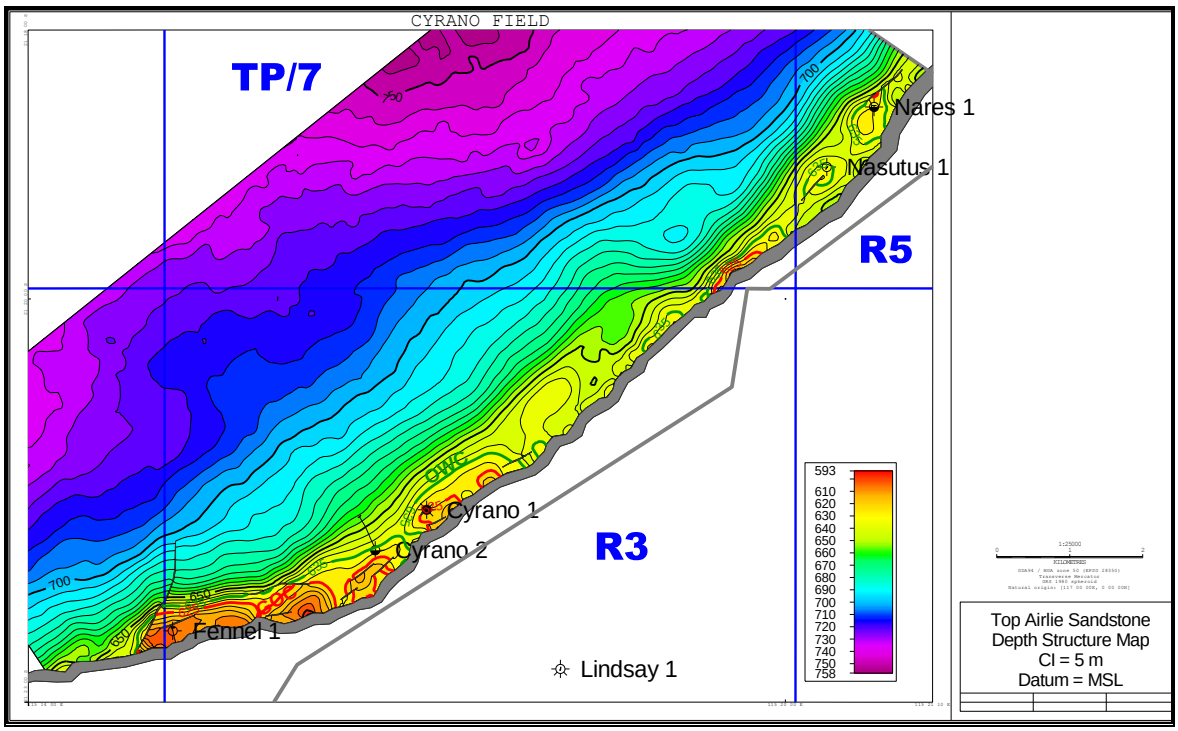


**FIGURE 1**
Top Airlie Sandstone Depth

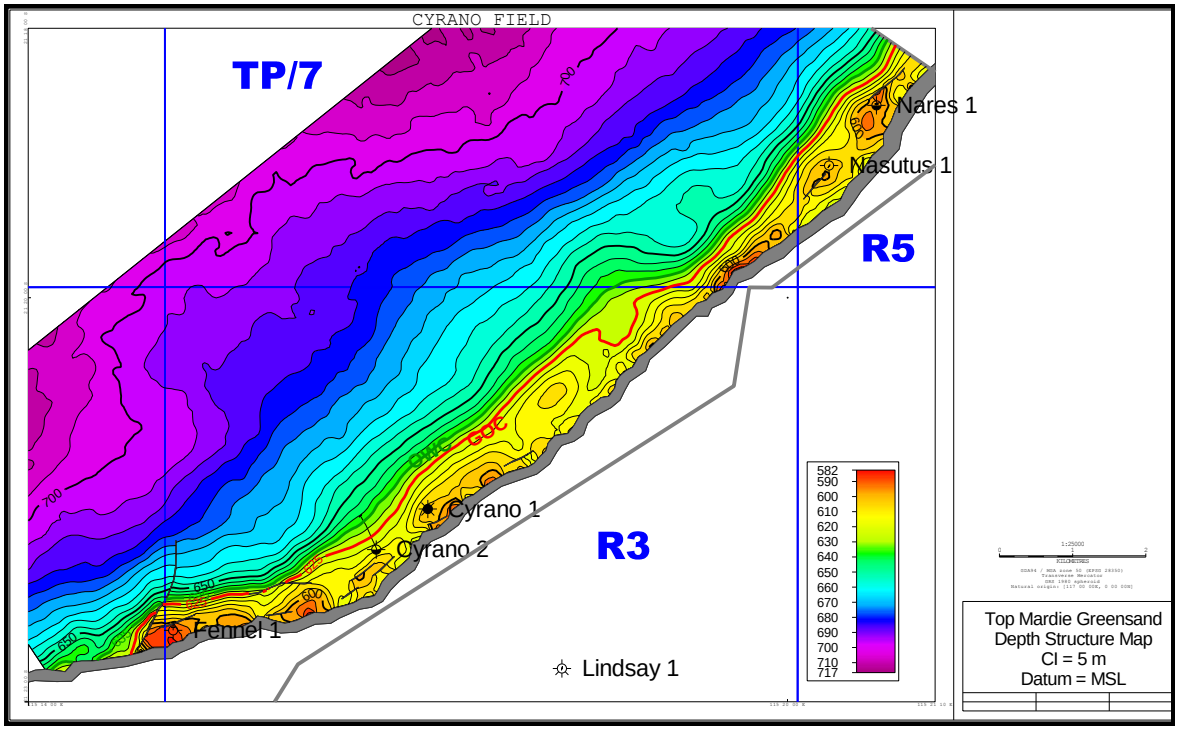


**FIGURE 2**
Top Mardie Greensand Depth

## GLOSSARY & PETROLEUM UNITS

| | |
|---|---|
| **M** | Thousand |
| **MM** | Million |
| **B** | Billion |
| **bbl** | Barrel of crude oil (ie 159 litres) |
| **PJ** | Peta Joule (1,000 Tera Joules (TJ)) |
| **Bcf** | Billion cubic feet |
| **Tcf** | Trillion cubic feet (ie 1,000 Bcf) |
| **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 |

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**Date:** 30th March 2011

Oil Basins Limited
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**Attention: Neil Doyle**

Dear Sirs,

**Independent Resource Evaluation Report**
**Cyrano Oil Field, Barrow Sub-basin, Australia**

In response to your request, RPS Energy Pty Ltd ("RPS") has completed an Independent Resource Evaluation on an asset held by Oil Basins Limited ("OBL") in Australia for inclusion in a Permit Renewal application. This evaluation covers the hydrocarbon Resources in the Cyrano Oilfield in which OBL has an interest. We have made Low (1C), Best (2C) and High (3C) estimates of Contingent Resources as of 1st March, 2011. The Resource estimates in this report are in accordance with standard petroleum engineering techniques and using the March 2007 SPE/WPC/AAPG/SPEE Petroleum Resources Management System (PRMS).

The work was undertaken by a team of petroleum engineers, geoscientists and petrophysicists and is based on data supplied by OBL. Our 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.

In June, 2008, OBL purchased an initial 15% working interest from Black Rock Oil Plc in petroleum exploration Retention Licence R3 which contains the undeveloped Cyrano Oil Field, located in offshore Carnarvon Basin, Western Australia. During July 2008, OBL acquired a further 10% interest from the Norwest Energy NL subsidiary Westranch Holdings Pty Ltd, thereby moving to 25%. During October 2011, OBL acquired the remaining 75% interest from the previous Operator, Tap (Shelfal) Pty Ltd. As the new Operator, it is OBL's immediate intention to apply for renewal of R3 as the sole equity holder.

Two wells (drilled in March 2003 and December 2004) delineate the Cyrano Oil Field, which consists of a 10 metre biodegraded oil rim (23° API) underlying a 21 metre gas cap. The hydrocarbons are reservoired within the Mardie Greensand (glauconitic sandstone with good porosity but low permeability) and the Airlie sandstone member of the Barrow Group which has permeabilities ranging from 10's to 100's mD.

The Cyrano Oil Field, situated in circa 15 m of water and less than 700 m total depth, is on trend to the nearby undeveloped Nasutus Oil Field discovered in 1999, and is a similar size undeveloped resource. The R3 Retention Lease was awarded on 5 July, 2006 for a period of five years and was originally Exploration Permit EP-364. The Cyrano Oil Field has several technical, engineering and development challenges, namely a combination of thin but moveable heavy biodegradable oil and a significant gas cap in an offshore setting. As such, no development is presently planned.

RPS has estimated a total P50 Original Oil-in-Place volume (STOIIP) of 10.46 MMbbls and a total P50 Original Gas-in-Place volume (GIIP) of 4.25 Bscf for the Cyrano Oil Field. The estimated volumes of STOIIP and GIIP for each reservoir in the Cyrano Oil Field are shown in Table 1 and Table 2, respectively. The Contingent Resources are shown in Table 3. These figures do not include any estimate of a possible extension of the Nasutus Field into R3.

## Qualifications

RPS is an independent consultancy specializing in petroleum reservoir evaluation and economic analysis. Except for the provision of professional services on a fee basis, RPS does not have a commercial arrangement with any other person or company involved in the interests that are the subject of this report.

David R. Guise, P. Eng., Managing Director, Consulting – Australia Asia Pacific in RPS Energy Pty Ltd's Perth Office, has supervised this evaluation. Mr. Guise has in excess of 30 years of petroleum engineering experience. He is a Technical Director of RPS, a Registered Professional Engineer in the province of Alberta, Canada and a member of the Society of Petroleum Engineers. The other lead professionals involved in this work are RPS Employees and hold degrees in geology, geophysics, petroleum engineering and related subjects; and have relevant experience in the practice of geology, geophysics, petrophysics or petroleum engineering.

## Basis of Opinion

The evaluation presented in this report reflects our informed judgment, based on accepted standards of professional investigation, but is subject to generally recognized uncertainties associated with the interpretation of geological, geophysical and engineering data. The evaluation has been conducted within our understanding of petroleum legislation and regulations that currently apply to these interests. However, RPS is not in a position to attest to the property title, financial interest relationships or encumbrances related to the property. Our estimates of Reserves and Resources are based on data provided by OBL. We have accepted, without independent verification, the accuracy and completeness of this data.

The opinions and interpretations presented in this report represent our best technical interpretation of the data made available to us. However, due to the uncertainty inherent in the estimation of all sub-surface parameters, we cannot, and do not guarantee the accuracy or correctness of any interpretation and we shall not, except in the case of gross or wilful negligence on our part, be liable or responsible for any loss, cost damages or expenses incurred or sustained by anyone resulting from any interpretation made by any of our officers, agents or employees.

Except for the provision of professional services on a fee basis, RPS Energy Pty Ltd does not have a commercial arrangement with any other person or company involved in the interests that are the subject of this report.

RPS accepts responsibility for the interpretations and professional opinions contained in this report, as set out in this part of this document, and to the best knowledge and belief of RPS, having taken all reasonable care to ensure that such is the case, the information contained in this report is in accordance with the facts and does not omit anything likely to affect the import of such information.

Yours faithfully
**RPS ENERGY PTY LTD**

**DAVID R. GUISE**
Managing Director – Consulting
Australia Asia Pacific

RPS

**Summary Statement of Independent Resource Evaluation Report**

**Cyrano Oil Field, Barrow Sub-basin, Australia**

**Prepared for Oil Basins Limited**

**As of 1st March, 2011**

| Stock Tank Oil Initially In Place (STOIIP) (MMbbl) | | | |
|---|---|---|---|
| **Reservoir Horizon** | **Low Estimate (P90)** | **Best Estimate (P50)** | **High Estimate (P10)** |
| **Mardie Greensand** | 3.72 | 6.94 | 13.00 |
| **Airlie Sandstone** | 1.70 | 3.19 | 5.19 |
| **Lower Barrow** | 0.14 | 0.33 | 0.80 |

**Table 1 - Cyrano Field STOIIP**

| Raw Gas Initially In Place (GIIP) (Bscf) | | | |
|---|---|---|---|
| **Reservoir Horizon** | **Low Estimate (P90)** | **Best Estimate (P50)** | **High Estimate (P10)** |
| **Mardie Greensand** | 2.31 | 3.81 | 6.25 |
| **Airlie Sandstone** | 0.14 | 0.41 | 1.15 |
| **Lower Barrow** | 0.01 | 0.03 | 0.05 |

**Table 2 - Cyrano Field GIIP**

| | Contingent Resources - Oil (MMstb) | | | Contingent Resources – Raw Gas (Bscf) | | |
|---|---|---|---|---|---|---|
| **Reservoir Horizon** | **1C** | **2C** | **3C** | **1C** | **2C** | **3C** |
| **Mardie Greensand** | 0.37 | 1.04 | 2.60 | 1.16 | 2.29 | 4.38 |
| **Airlie Sandstone** | 0.17 | 0.48 | 1.04 | 0.07 | 0.25 | 0.81 |
| **Lower Barrow** | 0.01 | 0.05 | 0.16 | 0.01 | 0.02 | 0.04 |

**Table 3 – Cyrano Field Contingent Resources as of 1 March 2011**