# OIL BASINS LIMITED

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8 June 2006

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

Dear Sirs,

**Oil Basins Limited (formerly Saxon Investment Group Limited)**
**Appendix 3B New Issue Announcement: proposed Entitlements Issue on 3 for 2 basis at $0.20 per share with a free attaching option exercisable at $0.20 up to 30 September 2009 for every 2 shares allotted.**

**We attach a revised Appendix 3B: New Issue Announcement in Accordance with the Listing Rules: correcting an error in item 19. The Closing Date is 29 June 2006.**

The issue is to be underwritten by Patersons Securities Limited in an amount of $2,500,000 which is the minimum subscription.

It is anticipated that the Prospectus will be lodged with ASIC later today and, on lodgement, a copy will be lodged as an ASX announcement. The prospectus will be available on the Companies website www.oilbasins.com.au
from tomorrow and also Patersons Securities Limited website www.psl.com.au

Shares will only be able to be subscribed for on an Application Form set out in the prospectus and an Application Form accompanying a prospectus may only be distributed attached to a complete and unaltered copy of the prospectus. Accordingly Application Form contained in the prospectus may not be handed on unless it is attached toa complete and unaltered copy of the Prospectus.

An Extract from the Chairmans letter in the Prospectus summarised that the Company is acquiring interests in two primary areas: both of which have significant potential.

- *The first of the proposed acquisitions is an initial prospective 7.5% interest in Vic/P41 in Bass Strait which may increase to a 12.5% interest if the Company exercises an option to acquire a further 5% interest therein from Moby Oil & Gas Ltd.*

  ***Vic/P41is highly prospective and, according to preliminary estimates by Bass Strait Oil Company Limited, the Operator, the tenement may contain prospective resources of up to 1.947 billion barrels of recoverable oil, or alternatively, up to 5.208 trillion cubic feet of recoverable gas.***

  ***If the Company acquires a 7.5% undivided interest therein, its presumptive share of those prospective resources would be 146 million barrels of recoverable oil or, alternatively, 390.6 billion cubic feet of recoverable gas.***

  ***If the Company were to raise sufficient money to increase its interest to 12.5% therein, its presumptive share of those prospective resources would increase to 243.4 million barrels of recoverable oil or, alternatively, 651.0 billion cubic feet of recoverable gas.***

- *The second of the proposed acquisitions is a 35% interest in part of each of exploration permit EP 129 and Licence 6 containing the Backreef Prospect in the Blina Backreef Play Joint Venture Area in the Canning Basin in Western Australia.*
  *According to the Independent Expert's Report by R A Meaney and Associates in relation to the Backreef Prospect (set out in full in Section 7 of the Prospectus):*

  > ***". . . it is thought that all the major requirements for hydrocarbon entrapment are present in the wedge shaped seismic anomaly, namely :-***
  > - ***Reservoir rocks.***
  > - ***Seals.***
  > - ***Trapping geometry.***
  > - ***Mature source rocks.***
  >
  > ***However due to the lack of a detail seismic grid and the fact that the target section of the well is undrilled, definitive proof of the existence of the conditions is unavailable.***
  > ***The Operator has conducted prospective resource calculations for the volume of hydrocarbons, which could be hosted in the area of the untested sedimentary wedge. They have used geologically reasonable reservoir parameters. These calculations, although they cannot be qualified, due to the previously discussed uncertainties, result in a very high number, in the order of several hundred million barrels of recoverable oil. This, if it occurred, would result in vast wealth generation and a quick return on investment. However the drilling of the well does involve a significant risk, as does all exploration drilling."***

  *The Company's Securities are highly leveraged to a commercial discovery on the Backreef Prospect. Negotiations for a rig are being conducted with a view to drilling this prospect as soon as one becomes available.*

- *The Company has an experienced Board of Directors including Kim McGrath as Chairman, and Mr Neil Doyle as a Non Executive Director. they have substantial combined experience in all aspects of the upstream oil and gas sector and energy related transactions.*

- *The Company's strategy for success is highly focused, primarily on selection of highly leveraged exploration farmin opportunities and selection of appraisal (pre-development) opportunities where available. The prospects described in this Prospectus are illustrative of the type of deals that the Board proposes to seek.*

- *The capital structure of the Company will be tight. With minimum subscription there will only be 33,743,774 shares and 33,400,000 options on issue. With maximum subscription, with the Company raising in excess of $6 million there will only be 53,109,435 shares on issue and 43, 082, 830 options on issue.*

The Prospectus will be despatched to members on 15 June 2006.

Yours faithfully,

Graeme Menzies
**Director**

**Appendix 3B**

# *New issue announcement,*

# *application for quotation of additional securities*

# *and agreement*

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

| |
|---|
| OIL BASINS LIMITED (formerly Saxon Investment Group Limited) |

ABN

| |
|---|
| ACN 006 024 764 |

We (the entity) give ASX the following information.

## *Part 1 - All issues*

*You must complete the relevant sections (attach sheets if there is not enough space).*

| | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | ordinary |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Up to 31,865,661 ordinary shares and 15,932,830 options to acquire ordinary shares at an exercise price of $0.20 exercisable up to 5.00 pm AEST on 30 September 2009. |

| | | |
|---|---|---|
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary shares ranking pari passu with existing shares on issue.<br><br>Options are options to acquire ordinary shares at an exercise price of $0.20 exercisable up to 5.00 pm AEST on 30 September 2009. |
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?<br><br>If the additional securities do not rank equally, please state:<br>• the date from which they do<br>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment<br>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | Yes in relation to the shares.<br><br>The shares rank equally with existing quoted shares. |
| 5 | Issue price or consideration | $0.20 per share. Options are attaching options on the basis of 1 option being granted for every 2 shares allotted and are issued for no further consideration. |
| 6 | Purpose of the issue<br>(If issued as consideration for the acquisition of assets, clearly identify those assets) | To fund exploration expenditure on a series of farmins detailed in the Company's prospectus to be lodged with ASIC on 8 June 2006 and for working capital.<br><br>The Issue is in support of a proposed application for re-instatement of trading in the Companies securities. |
| 7 | Dates of entering +securities into uncertificated holdings or despatch of certificates | Anticipated close date will be 29 June 2006 with securities being allotted on 10 July 2006 and Transaction Confirmation Statements despatched 12 July 2006. |

| | | Number | +Class |
|---|---|---|---|
| 8 | Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable) | On completion of the Issue: 53,109,435 shares and 43,082,830 options | Ordinary Shares.<br><br>Options are options to acquire ordinary shares at an exercise price of $0.20 exercisable up to 5.00 pm AEST on 30 September 2009. |

| | | Number | +Class |
|---|---|---|---|
| 9 | Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable) | At present 5,150,000 options to acquire ordinary shares | Options are options to acquire ordinary shares at an exercise price of $0.20 exercisable up to 5.00 pm AEST on 30 September 2009. |

| | | |
|---|---|---|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | The Company is not presently profitable and no intention exists to pay dividends in the foreseeable future. |

## *Part 2 - Bonus issue or pro rata issue*

| | | |
|---|---|---|
| 11 | Is security holder approval required? | Granted 30 May 2006 |
| 12 | Is the issue renounceable or non-renounceable? | renounceable |
| 13 | Ratio in which the +securities will be offered | 3 for 2. Waiver granted by ASX 25 May 2006 |
| 14 | +Class of +securities to which the offer relates | Ordinary shares |
| 15 | +Record date to determine entitlements | 15 June 2006 |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | Yes |

| | | |
|---|---|---|
| 17 | Policy for deciding entitlements in relation to fractions | Rounded down |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents<br>Note: Security holders must be told how their entitlements are to be dealt with.<br>Cross reference: rule 7.7. | No countries outside Australia |
| 19 | Closing date for receipt of acceptances or renunciations | 29 June 2006 subject to right of Directors to extend the Offer |
| 20 | Names of any underwriters | Patersons Securities Limited. The Issue is underwritten to minimum subscription of $2,500,000 |
| 21 | Amount of any underwriting fee or commission | Management fee of $60,000. Underwriting and placement fees of 6% of total amount raised. |
| 22 | Names of any brokers to the issue | Patersons Securities Limited |
| 23 | Fee or commission payable to the broker to the issue | See item 21 |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | 3% on subscriptions <u>above</u> the underwritten amount where applications are accepted and bear a valid brokers stamp. |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | 30 May 2006: Approval granted. |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | 15 June 2006 |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | 8 June 2006 |
| 28 | Date rights trading will begin (if applicable) | The Shares in the Company are suspended. No Rights Trading |
| 29 | Date rights trading will end (if applicable) | The Shares in the Company are suspended. No Rights Trading |

| | | |
|---|---|---|
| | | |
| 30 | How do +security holders sell their entitlements *in full* through a broker? | See item 29. Lodge form of renunciation with broker |
| 31 | How do +security holders sell *part* of their entitlements through a broker and accept for the balance? | See item 29. Lodge form of renunciation with broker |
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)? | By private treaty and by executing form of renunciation. |
| 33 | +Despatch date | 12 July 2006 |

## *Part 3 - Quotation of securities*

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities
(*tick one*)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### *Entities that have ticked box 34(a)*

## Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35 ☒ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
**This list will be provided on completion of the Issue**

36 ☒ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
**This distribution schedule will be provided on completion of the Issue**

37 ☐ A copy of any trust deed for the additional +securities
Not Applicable

## *Entities that have ticked box 34(b)*

| | | |
|---|---|---|
| 38 | Number of securities for which +quotation is sought | N/A |
| 39 | Class of +securities for which quotation is sought | N/A |
| 40 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?<br>If the additional securities do not rank equally, please state:<br>• the date from which they do<br>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment<br>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | N/A |
| 41 | Reason for request for quotation now<br>Example: In the case of restricted securities, end of restriction period<br>(if issued upon conversion of another security, clearly identify that other security) | N/A |

| | | Number | +Class |
|---|---|---|---|
| 42 | Number and +class of all +securities quoted on ASX (*including* the securities in clause 38) | N/A | N/A |

## Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Date: 8 June 2006

Sign here: ______________________
(Director/Company secretary)

Print name: GRAEME ALAN MENZIES