

Oil Basins Limited

ABN 56 006 024 764

Half-year Report - 31 December 2011

Oil Basins Limited
Corporate directory
31 December 2011

Directors	Kim W McGrath (Executive Chairman) Neil F Doyle (Executive Director & Chief Executive Officer) Nigel H Harvey (Non-executive Director)
Company secretary	Melanie J Leydin
Registered office	Suite 304 22 St Kilda Road ST KILDA VIC 3182
Principal place of business	Suite 304 22 St Kilda Road ST KILDA VIC 3182
Share register	Computershare Investor Services Pty Ltd 452 Johnson Street ABBOTTSFORD VIC 3067 Telephone: (03) 9415 5000
Auditor	Deloitte Touche Tohmatsu Chartered Accountants 550 Bourke Street MELBOURNE VIC 3000
Stock exchange listing	Oil Basins Limited shares are listed on the Australian Securities Exchange (ASX code: OBL) ASX Code Options: OBLOA and OBLOB
Website address	www.oilbasins.com.au

REVIEW OF OPERATIONS

Oil Basins Limited (“**OBL**” or “the **Company**”), ASX:**OBL**, **OBLOA** & **OBLOB**, is a junior oil and gas company with a portfolio of conventional oil and gas, coal seam gas (**CSG**) and unconventional shale gas (**USG**) exploration projects in good hydrocarbon addresses in offshore Gippsland and Carnarvon Basins and the onshore Canning Basin.

The Company is pleased to advise shareholders that during the 6 months ended 31 December 2011, the Company as operator on three project areas conducted significant activity across its portfolio of exploration and development assets.

BUSINESS STRATEGY

Since the Company's public offering in August 2006, OBL has built up (at modest cost) an attractive portfolio of exploration projects (all assessed or re-assessed with modern technology), all situated in good hydrocarbon addresses and nearby to existing infrastructure hubs (**Figure 1**).

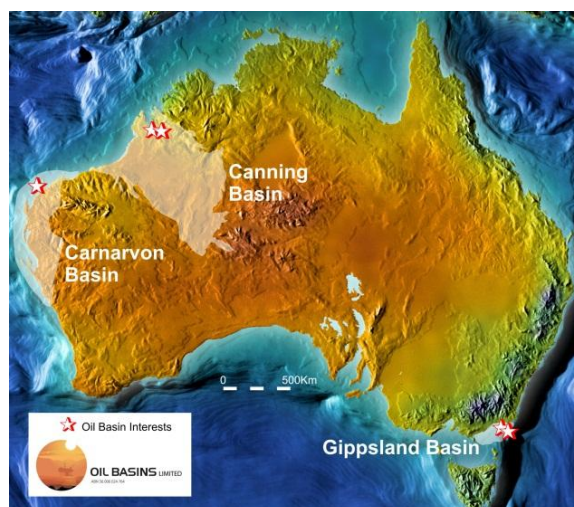


Figure 1
OBL's Australian Interests

UPSTREAM PROJECTS

Potential Upstream exploration and development projects include:

- ✓ 100% & Operator of Retention Lease R3/R1 situated in offshore Carnarvon Basin (containing the undeveloped Cyrano Oil Field) (**Figure 6**).
- ✓ 100% Beneficial Rights & Operator to Backreef Area (**Figure 2**) onshore Canning Basin (containing the untested Backreef-1 well, drilled in October 2010 and presently cased & suspended for future re-entry & possible production testing).
- ✓ 5% direct & 12.5% Rights to Vic/P41 situated in offshore Gippsland Basin; six 3D defined drill-ready prospects (**Figure 3**).
- ✓ 17% Vic/P66 situated in offshore Gippsland Basin.
- ✓ 50% interest in 5/07-8 EP (**Figure 2**) situated in onshore Canning Basin (where the Company as CSG Operator has recently delineated significant CSG and USG potential).

The Company believes re-rating opportunities presently exist within the established portfolio; viz:

- ✓ Cyrano Oil Field (where the risked P50 Gross Oil in Place has been significantly upgraded from 4.36 MMbbls to 10.13 MMbbls and the preferred development scenario has reduced the development capex from circa \$140m to less than \$30m).
- ✓ Backreef Oil Pool and Backreef Area where recent new work has independently assessed 8 mapped Leads with a combined STOOIP at between 48MMbbls to 117MMbbls – with some net risked expectation P50 assessed at near 21 MMbbls recoverable.
- ✓ The Company has previously delineated a new CSG play in the Canning, and
- ✓ An independent assessment of the Company's net risked CSG P50 potential prospective resources potential is over 3.5 Tcf and also contains a very large unrisked 136 Tcf net assessed USG potential.

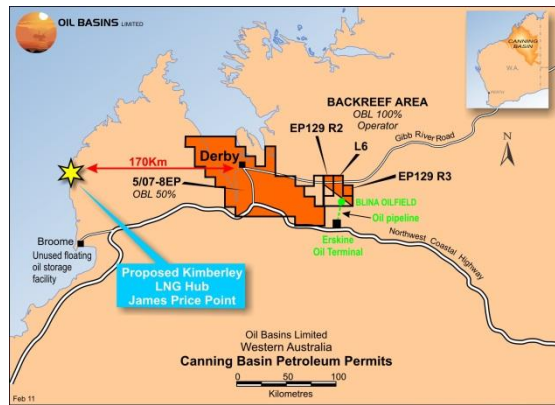


Figure 2

OBL's Canning Basin Interests

DOWNSTREAM PROJECTS

Potential Downstream projects include:

- Due to the delineation of large CSG / USG potential prospective resources in the Canning, the Company on 9 August, 2010 entered into a Strategic Alliance Agreement ("**SAA**") with Liquefied Natural Gas Limited (ASX code **LNG**). The Company's core focus is also to delineate large volumes of natural gas within its onshore WA Canning acreage.
- Should large quantities of gas be discovered, the SAA Provides a framework to:
 - ✓ Pave the way for the establishment of either CSG or USG sourced liquefied natural gas (**LNG**) plant feedstock supply to a LNG operated facility; and/or
 - ✓ The potential development of a large scale gas to liquids (**GtL**) synthesis plant situated near Derby.
- OBL will have the right, but not obligation, to invest in any such LNG project up to a maximum of 20% on an at-cost basis, however this maximum becomes 30% should OBL deliver certified 2P gas reserves of at least 1.0 Tcf (under SPE Guidelines) within 4 years of work programs commencing in the field.

NON-OPERATED ASSETS

EASTERN GIPPSLAND BASIN

Vic/P41 – OBL 5% & 7.5% Rights

The Company owns (subject to NOPSTA approval – pending) a direct 5% interest and a potentially low cost Drilling Option of a further 7.5% of this strategic drill-ready permit.

Exploration permit Vic/P41 is located on the north eastern margin of the offshore Gippsland Basin, in south-east Australia's Bass Strait (**Figure 3**). The permit post the recent Third Term renewal, covers an area of some 540 sq km, in water depths of 120-1500m.

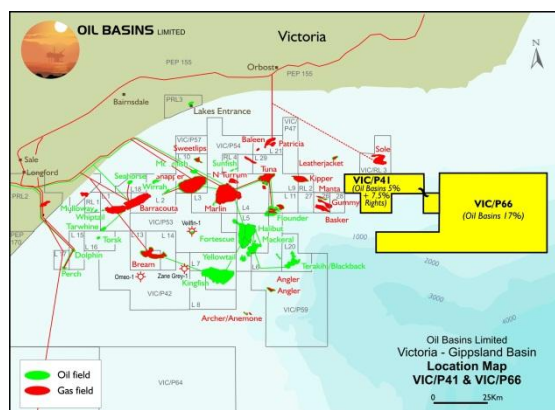


Figure 3

Location of Gippsland Basin permits with OBL equity, including renewed Vic/P41 & Vic/P66

Vic/P41 contains a number of larger prospects defined by modern 3D seismic, notably Kipling, Benchley and Oscar prospects (OBL net share 96MMboe prospective potential 2P resources) and in addition contains the western part of the 2D-defined 'Lead A' feature.

Both the Vic/P41 and Vic/P66 JVs have (during 2HY2010) approved a combined Basin Modelling program.

To define further and 'de-risk' these opportunities, two new technical studies have been undertaken. A seismic inversion project using both 2D and 3D seismic over the Rosedale trend prospects and leads in Vic/P41 is yielding encouraging results and is expected to lead to a re-assessment of the potential of these features.

The related basin modelling project (jointly funded by Vic/P41 and Vic/P66) has also been successful in defining the nature of hydrocarbon charge in the east Gippsland area. A variation to the permit commitments for Vic/P41 was granted during the quarter. The commitment for the then Year 5 of the permit was reduced from the drilling of a well to the seismic inversion project and related studies.

Vic/P41 was recently renewed for a Third Term of 5 years from 29 November 2011. The permit is in good standing and the Company's present obligations for 2012 are modest. There is the potential for both the Vic/P41 & Vic/P66 joint ventures in acquiring a 3D seismic survey over Lead A towards the end of 2012 or early 2013 dependent on availability of a seismic vessel.

On 11 November 2011, OBL settled the farm-in with Moby Oil & Gas Limited (ASX Code: MOG) and was awarded a 5% direct interest in Vic/P41.

Vic/P66 – OBL 40%

Late in the half year the Designated Authority granted a variation and suspension to the permit. The joint venture varied out the current year 3 work program of acquiring 2D seismic data over the permit and replaced it with acquiring 3D seismic. This was then suspended for 12 months to facilitate acquiring the survey in conjunction with the Vic/P41 joint venture.

OPERATED ASSETS

CANNING BASIN

Backreef Area – OBL 100% Beneficial Rights

In November 2010, OBL successfully drilled Backreef-1 to 1800m TD at a net cost of circa \$4.53 million, with the earn-in 'drill or drop' objective of 1500m successfully attained prior to 31 October 2010 on 25 October 2010.

This well was the first exploration well by the Company, first as Operator and the first within the Kimberley Downs embayment feature.

According to Weatherford, Backreef-1 appears to have delineated a relatively shallow to surface and potentially cheap to drill New Oil Play of some net pay of 39m in the upper zone of some 223m of continuous oil shows. The potential trap is some 230m updip (of similar formations) and 7km due east of the Blina Oil Field (**Figure 4**).

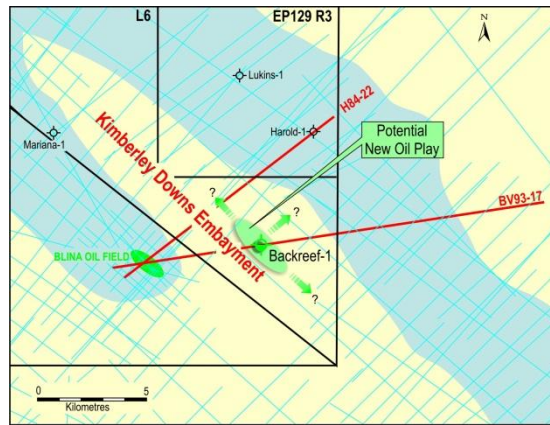


Figure 4

Location of Backreef-1 well and the Potential New Oil Play within the Kimberley Downs Embayment, Backreef Area

An independent petrophysical assessment of the electric logs conducted on Backreef-1 by Weatherford PetroLog (both during open-hole and subsequent to well suspension) estimated the following potential reservoir intervals in the upper zone of hydrocarbon interest situated between 915m to 965mRT within the Yellow Drum Equivalent / Gumhole formations:

- ✓ a possible reservoir interval of around 48.9m;
- ✓ a possible net oil pay interval of around 39.2m; and
- ✓ a risked conservative (i.e. unstimulated) moveable oil interval within the lower dolomites of around 3.9m.

So as to better define these reservoir uncertainties, the Company in early 2011 engaged suitable independent experts to reprocess all available surrounding vintage 2D seismic within the Kimberley Downs Embayment feature of the Backreef Area (applying their innovative 3D reprocessing techniques) and where these results proved adequate, to map a potential 2C (probable contingent resource under SPE Guidelines) of this New Oil Play.

Having successfully geologically and geophysically interpreted the New Oil Play late in September 2011, OBL engaged RPS Energy (RPS) to undertake a comprehensive horizon and fault interpretation of the 2D seismic data using Schlumberger Petrel™ seismic interpretation software. The previously recorded seismic data of various vintages were reprocessed from original field data in 2011 by Dayboro Geophysical Pty Ltd. PSDM data (derived from PSTM) was used for interpretation (**Figure 5**). RPS considered the seismic data quality to be generally sufficient to delineate the two primary reservoir intervals (Yellow Drum Formation and Nullara Limestone). However the sparse 2D seismic coverage was not sufficient to detail faults and structural closures with certainty so only Leads were defined.

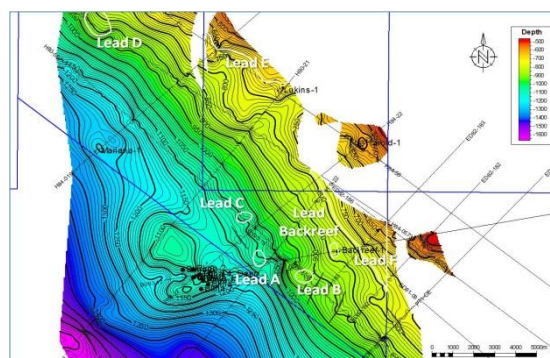


Figure 5

Location of Backreef-1 Lead and 6 of the 7 defined New Leads delineating the Potential New Oil Play within the Backreef Area (source RPS)

Lead	Target	Undiscovered OIP MMbbls				GPoS
		P90	P50	P10	Mean	
East Blina (Lead A)	Yellow Drum	1.00	1.86	3.08	1.97	8
Backreef	Yellow Drum	0.63	1.17	1.94	1.24	12
B	Yellow Drum	1.18	2.18	3.61	2.31	8
C	Yellow Drum	0.81	1.49	2.47	1.58	6
D	Yellow Drum	3.44	6.37	10.6	6.75	8
E	Yellow Drum	11.5	21.3	35.4	22.6	4
F	Yellow Drum	16.7	30.9	51.2	32.7	4
G	Nullara	3.86	8.93	16.8	9.79	6
Probabilistic Total		45.6	72.8	117.0	77.7	

Table 1
Backreef Area – Undiscovered Oil Initially in Place Volumes (100% Basis)

Lead	Target	Prospective Resources MMbbls				GPoS
		Low Estimate	Best Estimate	High Estimate	Mean Estimate	
East Blina (Lead A)	Yellow Drum	0.18	0.47	0.96	0.49	8
Backreef	Yellow Drum	0.11	0.29	0.60	0.31	12
B	Yellow Drum	0.21	0.55	1.12	0.58	8
C	Yellow Drum	0.15	0.37	0.77	0.40	6
D	Yellow Drum	0.62	1.59	3.29	1.69	8
E	Yellow Drum	2.07	5.33	11.0	5.65	4
F	Yellow Drum	3.01	7.73	15.9	8.18	4
G	Nullara	0.70	2.23	5.21	2.45	6
Probabilistic Total		8.95	17.7	35.7	20.6	

Table 2
Backreef Area –Prospective Resource Volumes (100% Basis)

- ✓ Using its own assessment of Backreef petrophysics and its own mapping of New Oil Play, RPS has concluded in accordance with strict PRMS guidelines that the Backreef Area could host a significant aggregated undiscovered potential Oil in Place (OIP) volume of between 45.6 to 117 MMbbls with an expectation of 77.7 MMbbls (**Table 1**) and a mean estimate of 20.6 MMbbls Prospective Resources. (**Table 2**)
- ✓ Eight (8) Leads have been independently derived by RPS within the southern and south-eastern portions of the Company's Backreef Area.
- ✓ Four (4) Leads have potential to be larger than the Blina Oil Field which has an initial OIP of circa 5.7 MMbbls (with circa 1.9 MMbbls produced since 1981) and is the largest field so far discovered within this region of the Fitzroy Trough.
- ✓ Two newly mapped stratigraphic Leads, notably Lead E and Lead F, are potentially large with indicative areas greater than 4 km². RPS has delineated a gross recoverable Prospective Resource greater than 5 MMbbls for these two Leads.

Preparations are now advancing rapidly for a production test of Backreef-1 during the June quarter 2012. More information and updates will be released in the current March quarter.

Application 5/07-8EP – OBL 50% Rights

The Company reports that quite a number of meetings were held with all stakeholders during the December quarter and the Joint Venture is proactively seeking a finalisation with stakeholders as soon as possible during the current March quarter.

As previously advised, no significant expenditures are anticipated to occur until approval from all relevant stakeholders and authorities are attained.

CARNARVON BASIN

Retention Lease R3/R1 (Cyrano) – OBL 100%

On 12 October 2011, the Company was awarded 100% and Operator of Retention Lease R3/R1, offshore Carnarvon Basin for 5 years from 12 October 2011 (**Figure 6**).

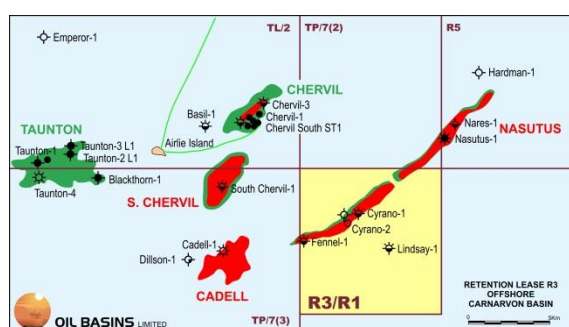


Figure 6
Location of Retention Lease R3/R1 – OBL 100%

Previously, during 2011, OBL commissioned RPS Energy (leading international reservoir evaluation and economic analysis engineers) to conduct an independent and detailed review of the 3D seismic and all relevant discovery and exploration well data to reassess the field. The independent resource evaluation report shows that STOIP (Stock Tank Oil Initially In Place) as at 1 March 2011 for the two principal combined Mardie Greensand and Airlie Sandstone reservoirs is in total:

MMbbl Oil		
P90	P50	P10
5.42	10.13	18.19

OBL's booked 1C, 2C and 3C contingent resources are now 0.54, 1.52 and 3.64 MMbbls of oil based upon an assumed 15% recovery factor (per RPS).

Upon renewal of R3 as R3/R1, the Company engaged qualified petroleum consulting experts DU-EL Drilling Services to review all work by the former operator and scope a preferred development scenario. Results were released to the ASX on 23 October 2011 and concluded:

- ✓ A practical 'new' rapid development hub Extended Well Test (EWT) concept may lead to greatly improved economics allowing the development of the Cyran-1 Oil Field within a modest risked capital of circa USD\$30m and with expected capital recovery breakeven estimated within 12 months. The concept is subject to reservoir risk.
- ✓ The DU-EL Scoping Study has successfully built upon earlier work by RPS Energy and suggested the new rapid development EWT standalone concept. Capital costs are estimated at some 32% to 40% of the previously estimated uneconomic gross comparable development cost.
- ✓ With further new reservoir simulation studies, the Company has been advised that the potential exists, with well-designed completions and economic short-lived EWTs, to high-grade reserves from the circa 1.5 MMbbls 2C reserves already booked on 31 March 2011 to between 2.0 MMbbls and 4.0 MMbbls 2P reserves for Cyran-1 Oil Field (alone).

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
FMT	Formation testing (pressure & sampling) tool
TD	Total depth
GIP	Gas in Place
GPOS	Geological Probability of Success
CSG	Coal seam gas (CSG) or alternatively known as coal seam methane (CSM) is natural gas sourced from coal. Methane = CH ₄ = 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 in place (stabilized crude at atmospheric conditions) – also commonly referred to as Oil in Place (OIP)

Oil Basins Limited
Directors' report
31 December 2011

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Oil Basins Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2011.

Directors

The following persons were directors of Oil Basins Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Kim W McGrath
Mr Neil F Doyle
Mr Nigel H Harvey

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of investment in selected exploration, production and development opportunities in the upstream oil and gas sector.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$737,205 (31 December 2010: \$405,032).

A detailed review of operations is presented on the previous pages.

The net assets of the consolidated entity increased by \$396,147 as at 31 December 2011. During the period the company raised \$1,133,352 (net of costs) through share issues.

The consolidated entity's working capital, being current assets less current liabilities was \$170,853 at 31 December 2011. During the period the consolidated entity had a negative cash flow from operating activities of \$713,885 and \$394,444 from exploration and evaluation activities. Subsequent to the end of the half-year, the company announced successful capital raisings of \$2.86 million through sophisticated investors.

As a result of the above the Directors believe the consolidated entity is in a strong and stable position to expand and grow its current operations.

Significant changes in the state of affairs

During the half year the Company issued 44,161,000 fully paid ordinary shares through a share purchase plan at an issue price of \$0.025 (2.5 cents) per share raising \$1,104,025 before costs.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

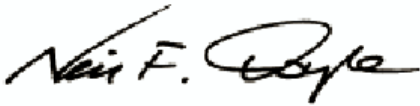
Oil Basins Limited
Directors' report
31 December 2011

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Neil F. Doyle', written over a horizontal line.

Neil F Doyle
Executive Director

29 February 2012
MELBOURNE

The Board of Directors
Oil Basins Limited
22 St. Kilda Road
ST KILDA VIC 3182

29 February 2012

Dear Board Members

Oil Basins Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Oil Basins Limited.

As lead audit partner for the review of the financial statements of Oil Basins Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU



Paul Carr
Partner
Chartered Accountants

Oil Basins Limited
Financial report
For the half-year ended 31 December 2011

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General information

The financial report covers Oil Basins Limited as a consolidated entity consisting of Oil Basins Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Oil Basins Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Oil Basins Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 304
22 St Kilda Road
ST KILDA VIC 3182

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 29 February 2012. The directors have the power to amend and reissue the financial report.

Oil Basins Limited
Statement of comprehensive income
For the half-year ended 31 December 2011

	Consolidated	
	31/12/2011	31/12/2010
	\$	\$
Revenue	9,242	26,835
Expenses		
Corporate expenses	(66,738)	(72,336)
Administration expenses	(96,882)	(70,918)
Employee benefits expense	(549,694)	(204,934)
Share based payments	-	(83,474)
Depreciation and amortisation expense	(1,133)	(205)
Exploration expenditure written off	(32,000)	-
Loss before income tax expense	(737,205)	(405,032)
Income tax expense	-	-
Loss after income tax expense for the half-year attributable to the owners of Oil Basins Limited	(737,205)	(405,032)
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive income for the half-year attributable to the owners of Oil Basins Limited	<u>(737,205)</u>	<u>(405,032)</u>
	Cents	Cents
Basic earnings per share	(0.227)	(0.202)
Diluted earnings per share	(0.227)	(0.202)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Oil Basins Limited
Statement of financial position
As at 31 December 2011

Note	Consolidated	
	31/12/2011	30/06/2011
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	288,107	263,733
Trade and other receivables	41,419	76,267
Other	41,898	4,500
Total current assets	<u>371,424</u>	<u>344,500</u>
Non-current assets		
Other financial assets	30,680	30,680
Property, plant and equipment	4,210	4,694
Exploration and evaluation	6,911,198	6,548,752
Total non-current assets	<u>6,946,088</u>	<u>6,584,126</u>
Total assets	<u>7,317,512</u>	<u>6,928,626</u>
Liabilities		
Current liabilities		
Trade and other payables	139,512	181,094
Employee benefits	61,059	29,047
Total current liabilities	<u>200,571</u>	<u>210,141</u>
Non-current liabilities		
Employee benefits	4,727	2,418
Total non-current liabilities	<u>4,727</u>	<u>2,418</u>
Total liabilities	<u>205,298</u>	<u>212,559</u>
Net assets	<u>7,112,214</u>	<u>6,716,067</u>
Equity		
Contributed equity	3 12,124,322	10,990,970
Reserves	403,200	403,200
Accumulated losses	<u>(5,415,308)</u>	<u>(4,678,103)</u>
Total equity	<u>7,112,214</u>	<u>6,716,067</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Oil Basins Limited
Statement of changes in equity
For the half-year ended 31 December 2011

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Consolidated				
Balance at 1 July 2010	4,837,835	319,726	(3,548,558)	1,609,003
Other comprehensive income for the half-year, net of tax	-	-	-	-
Loss after income tax expense for the half-year	-	-	(405,032)	(405,032)
Total comprehensive income for the half-year	-	-	(405,032)	(405,032)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	83,474	-	83,474
Issue of shares	5,735,682	-	-	5,735,682
Costs of capital raising	(386,502)	-	-	(386,502)
Balance at 31 December 2010	<u>10,187,015</u>	<u>403,200</u>	<u>(3,953,590)</u>	<u>6,636,625</u>
	Contributed equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Consolidated				
Balance at 1 July 2011	10,990,970	403,200	(4,678,103)	6,716,067
Other comprehensive income for the half-year, net of tax	-	-	-	-
Loss after income tax expense for the half-year	-	-	(737,205)	(737,205)
Total comprehensive income for the half-year	-	-	(737,205)	(737,205)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	1,160,513	-	-	1,160,513
Costs of capital raising	(27,161)	-	-	(27,161)
Balance at 31 December 2011	<u>12,124,322</u>	<u>403,200</u>	<u>(5,415,308)</u>	<u>7,112,214</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Oil Basins Limited
Statement of cash flows
For the half-year ended 31 December 2011

Note	Consolidated	
	31/12/2011	31/12/2010
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(723,127)	(599,272)
Interest received	9,242	26,835
	<u>(713,885)</u>	<u>(572,437)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	(649)	(1,537)
Payments for exploration and evaluation	(394,444)	(4,908,324)
	<u>(395,093)</u>	<u>(4,909,861)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from issue of shares	3 1,160,513	5,735,682
Payments for capital raising costs	<u>(27,161)</u>	<u>(386,502)</u>
	<u>1,133,352</u>	<u>5,349,180</u>
Net cash from financing activities		
Net increase/(decrease) in cash and cash equivalents	24,374	(133,118)
Cash and cash equivalents at the beginning of the financial half-year	<u>263,733</u>	<u>219,509</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>288,107</u></u>	<u><u>86,391</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Going Concern

The half year financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the six months ended 31 December 2011, the consolidated entity recorded a net loss of \$737,205 and has net cash outflows from operating activities for the period of \$713,885.

Notwithstanding the above, the financial report has been prepared on a going concern basis on the basis of the following assumptions:

- (1) The ability of the company to successfully raise additional capital; and
- (2) The successful completion of farm out arrangements of the group's existing tenement portfolio.

At the date of this report and having considered the above position, the directors are confident that the company and consolidated entity will be able to continue as going concerns given the following:

- (a) Successful capital raisings were completed on 30 January 2012 and 27 February 2012 raising \$1,250,000 and \$1,600,000 (before costs). The directors believe that they will be able to raise additional funds in future periods.
- (b) The consolidated entity is in discussions with other interested parties to farm out some of its existing portfolio of tenements.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations have not had a material impact and not resulted in changes to the Company's presentation of or disclosure in, its half-year financial statements.

Note 2. Operating segments

The consolidated entity is organised into one segment: petroleum exploration within Australia. The operating segment is based on the internal reports that are reviewed by the Directors (who are identified as Chief Decision Makers) in assessing performance and allocation of resources.

Oil Basins Limited
Notes to the financial statements
31 December 2011

Note 3. Equity - contributed

	Consolidated		Consolidated	
	31/12/2011	30/06/2011	31/12/2011	30/06/2011
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>345,321,780</u>	<u>298,555,206</u>	<u>12,124,322</u>	<u>10,990,970</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2011	298,555,206		10,990,970
Issue of shares	15 August 2011	1,160,332	\$0.030	34,810
Conversion of options	15 August 2011	1,444,706	\$0.015	21,670
Placement - Share purchase plan	20 September 2011	44,161,000	\$0.025	1,104,025
Exercise of listed options (OBLOA)	2 December 2011	536	\$0.015	8
Less: Costs of capital raising				<u>(27,161)</u>
Balance	31 December 2011	<u>345,321,780</u>		<u>12,124,322</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 4. Equity - dividends

There were no dividends paid or declared during the current or previous financial half-year.

Note 5. Commitments

	Consolidated	
	31/12/2011	30/06/2011
	\$	\$
<i>Exploration and evaluation</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	<u>160,000</u>	<u>52,000</u>

Oil Basins Limited
Notes to the financial statements
31 December 2011

Note 6. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding	
		31/12/2011	30/06/2011
		%	%
OBL Backreef No.5 Pty Ltd	Australia	100.00	100.00
OBL Backreef No.10 Pty Ltd	Australia	100.00	100.00
Canning Basin Oil Limited (formerly OBL Backreef No. 15 Pty Ltd)	Australia	100.00	100.00
Wantok Oil Limited	Papua New Guinea	100.00	100.00
Oil Basins Royalties Pty Ltd	Australia	100.00	100.00

Note 7. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Canning Basin Oil Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Oil Basins Limited, they also represent the 'Extended Closed Group'.

Note 8. Events after the reporting period

On 30 January 2012, the company announced a successful raising of \$1,250,000 through the issue of 50,000,000 fully paid ordinary shares at an issue price of \$0.025 (2.5 cents) per share.

On 16 February 2012, the company announced that it was advised by the Farminor, Moby Oil & Gas Limited (ASX Code: MOG) that the regulatory approval has been received and the transfer from MOG of a direct 5% interest in Vic/P41 to OBL has received the approval of the Delegated Authority.

On 27 February 2012, the company announced a successful raising of \$1,600,000 through the issue of 50,000,000 fully paid ordinary shares at an issue price of \$0.032 (3.2 cents) per share, which shares were allotted and issued on 29 February 2012.

No other matter or circumstance has arisen since 31 December 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

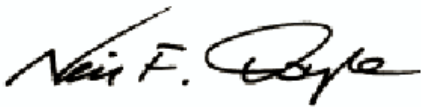
Oil Basins Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the financial half-year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 7 to the financial statements.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Neil F Doyle
Executive Director

29 February 2012
MELBOURNE

Independent Auditor's Review Report to the Members of Oil Basins Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Oil Basins Limited, which comprises the condensed statement of financial position as at 31 December 2011, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 14 to 21.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Oil Basins Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Oil Basins Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Oil Basins Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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DELOITTE TOUCHE TOHMATSU



Paul Carr
Partner
Chartered Accountants
Melbourne, 29 February 2012