

February 1, 2008

**To: The Shareholders of
Officer Basin Energy Inc.**

Dear Shareholders:

Re: Shareholder Update #3

Officer Basin Energy Inc. (“OBE”) is pleased to provide you with an update on recent activities since our last Shareholder Update of December 1, 2007.

Operational Update

South Australia - Operations

OBE’s operations in South Australia are being conducted by our wholly owned subsidiary, Officer Basin Energy Pty. Ltd. (“OBEPL”), based in Adelaide, South Australia. (Note: We will continue to use the OBEPL name for our Australian subsidiary.)

Seismic – Acquisition (PELs 81 and 253)

Terrex Seismic (of Perth, Western Australia) has been contracted to conduct seismic acquisition over our two South Australian petroleum exploration permits (PEL 81 and PEL 253). By November 19, 2007, 213 kilometers of seismic had been acquired before the seismic crew left to complete another job.

On January 16, 2008, the second portion of our “year one” seismic program commenced with an additional 95 kilometers having been acquired since then. The “year one” portion of the seismic program is scheduled to run through to early April 2009. This program is currently on time and on budget, and has recorded a total of 308 kilometers of the projected 1200 kilometer program. Please see the attached map for line locations.

The 1250 kilometer “year two” seismic program is scheduled to begin in mid-2008 and will be based off the interpreted acquisition results of the “year one” program. OBE plans to finance OBEPL’s capital budget for the 2008 program through an initial public offering (discussed below).

Seismic – Processing (PELs 81 and 253)

On January 14, 2008 after consulting with our farm-in partner, EnSearch Petroleum of Nodia, India, OBEPL awarded the processing contract for our newly acquired seismic to Divestco Processing of Calgary, Alberta. Processing under this contract has now begun, with initial processing results expected by early February, 2008.

PELAs 303 and 351

At the present time, there are no active operations on OBEPL’s two other petroleum exploration licences (PELA 303 and PELA 351) in South Australia, where OBEPL has



yet to negotiate a land access agreement with the local aboriginal people, the Anangu Pitjantjatjara Yankunytjatjara (“APY”).

Western Australia - Operations

OBE’s operations in Western Australia are also being conducted by OBEPL.

Aero-Magnetics and Aero-Gravity Program (SPA 5/06-7 AO and SPA 6/06-7 AO)

OBEPL has a 75% working interest in two Special Prospecting Authorities (“SPAs”) in Western Australia, SPA 5/06-7 AO and SPA 6/06-7 AO. On November 20, 2007, OBEPL obtained formal permission from the local aboriginal people, the Spinifex, to conduct an aero-magnetics and aero-gravity survey over the two SPA’s. On November 28, 2007, OBEPL contracted BHP Billiton’s Falcon system to fly the aero-magnetics and aero-gravity program over the SPA’s. The program has a budget of \$1,762,638.46 USD and commenced in early December of 2007. To date, over 12,000 kilometers (82%) of a 14,500 kilometer program have been flown.

The Northern Territory - A Second Major Australian Play for OBE

Georgina Basin

On December 21, 2007, OBEPL entered into a farm-in and participation agreement with Teralta Petroleum Ltd. (TSX-V) on two exploration permits (EP103 and EP104) in the Georgina Basin in the Northern Territory of Australia covering approximately 5,500,000 gross acres. This farm-in and participation agreement defines a second exploration area of potential growth for OBE/OBEPL. The basins of the Northern Territory are increasingly being recognized as having the potential to be major producing areas in the future. The Georgina Basin shares a similar geologic history to that of the Officer Basin, and we considered it to be an area where OBE’s expertise can be effectively applied.

The agreement gives OBEPL the right to contribute up to \$10,000,000 toward exploration expenditures on permits EP103 and EP104 over a period of two and one half years to earn up to a 60% working interest in both permits. OBEPL will become the operator when it has earned its 60%.

The work program on these Georgina Basin permits will involve the reprocessing of existing seismic and an extensive program of new seismic acquisition, followed by exploratory drilling in several years time.

We anticipate forming a new Australian subsidiary (wholly owned by OBE) to hold this Georgina Basin farm-out interest.

Current Land Position

A summary of OBEPL’s current land position in Australia (including our new lands in the Northern Territory) is attached as Schedule “A” hereto.

Initial Public Offering



Pursuant to our commitment to subscribers of our August of 2007 private placement financing and after extensive discussions with our investment bankers, Tristone Capital Inc. (“Tristone”), OBE is presently preparing for its initial public offering (“IPO”) and stock exchange listing during the next four to five months.

Tristone Capital Inc. - Engagement Letter for IPO Signed

In anticipation of this IPO, OBE signed an engagement letter with Tristone on January 24, 2008. This engagement letter contemplates a commission rate of 6% to Tristone.

Engagement of Bennett Jones LLP as OBE IPO Legal Counsel

We are also very pleased to advise that we have retained Bennett Jones LLP of Calgary, Alberta to lead our upcoming IPO. Doug Foster and Will Osler, two of its highly regarded partners, will be our lead lawyers.

Jeff Holmgren, C.A. - Our New VP Finance & CFO

We are very pleased to announce that Jeff Holmgren, C.A. has joined OBE as our new Vice-President (Finance) and Chief Financial Officer. Jeff starts work full time on February 4, 2008, having just left Progress Energy Trust and ProEx Energy Ltd. after three and a half years. Jeff is an excellent choice for this position, as he has a broad range of oil and gas accounting and financial experience (including international).

Auditors

With Jeff Holmgren’s arrival, we will be selecting auditors in the very near future.

Audited Financial Statements

We are presently preparing financial statements for OBE. Once our auditors are selected, these statements will be audited and sent to our shareholders.

We thank you for all of your support and look forward to providing you with more news in later in 2008.

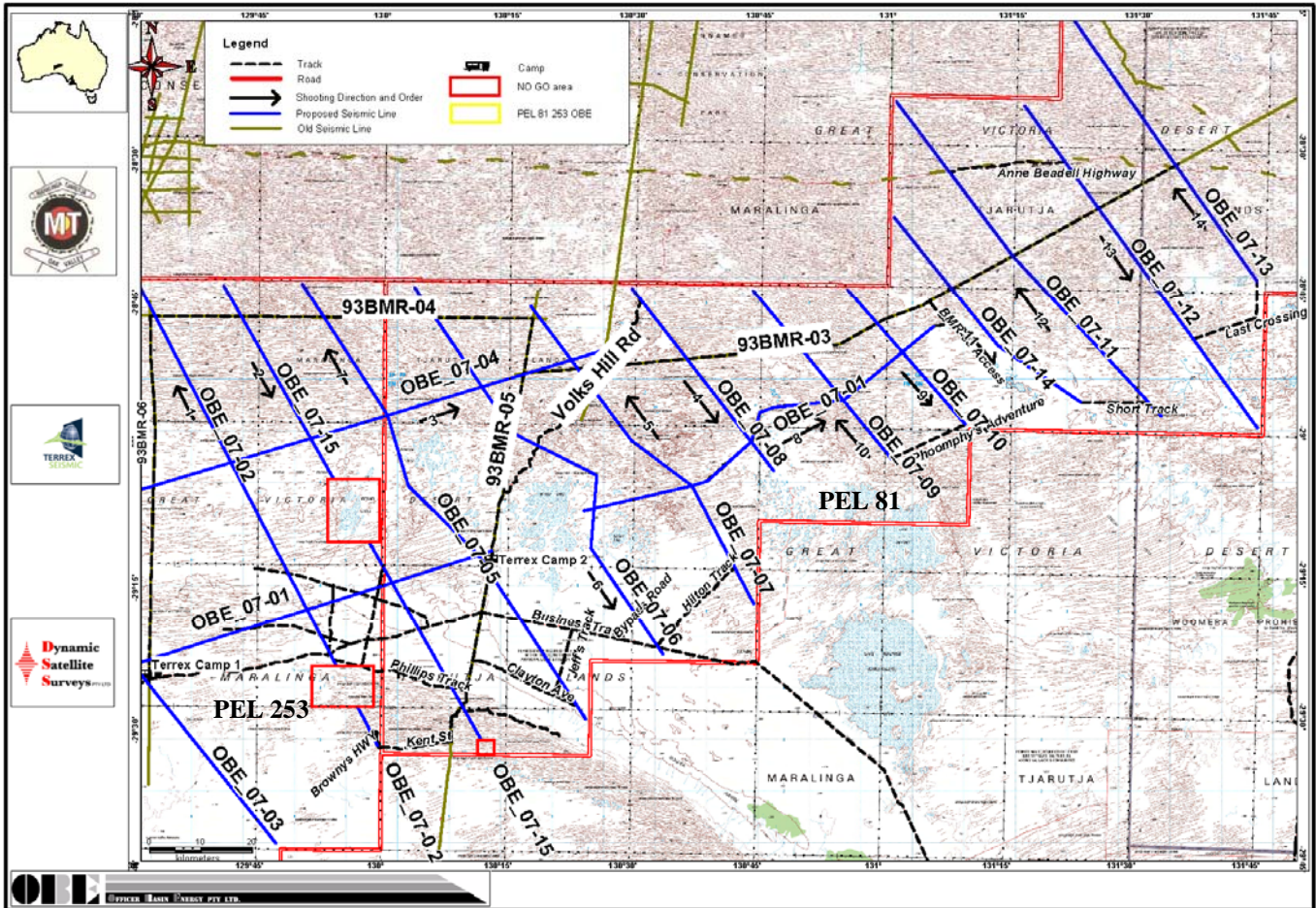
Yours sincerely,
Paul Bennett
President



SCHEDULE "A"

Summary of Landholdings to Date

South Australia	Gross Acres (expressed in millions)	Net Acres (expressed in millions)	Net Acres Post EnSearch Earning (MM)
PEL 81:	5.1	5.1	3.8
PEL 253:	1.5	1.5	1.1
PELA 303:	1.0	1.0	0.8
PELA 351:	2.4	1.8	1.8
South Australia Total:	10.0	9.4	7.8
Totals Converted to Km2:	40,541	38,100	31,448
Western Australia	Gross Acres (expressed in millions)	Net Acres (expressed in millions)	Net Acres Post EnSearch Earning (MM)
SPA 5/06-7 AO	4.3	3.2	3.2
SPA 6/06-7 AO	3.4	2.6	2.6
Western Australia Total:	7.7	5.8	5.8
Totals Converted to Km2:	31,185	23,389	23,389
Northern Territory	Gross Acres (expressed in millions)	Net Acres (expressed in millions)	Net Acres Post OBE Earning (MM)
EP103	3.1	0	1.9
EP104	2.5	0	1.5
Northern Territory Total:	5.6	0	3.4
Totals Converted to Km2:	22,298	0	13,379
	Gross Acres (expressed in millions)	Net Acres (expressed in millions)	Net OBE Acres Post Earning (MM)
South/Western/Northern Territory Total:	23.3	15.2	17.9
Totals Converted to Km2:	94,024	61,489	68,216



Line location map for 2007/2008 (“year one”) seismic recording