

**Exoil Limited**

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**RELEASE****WA-359-P – 12 MONTH OPTION EXTENSION GRANTED TO MEO AUSTRALIA**

Exoil Limited (NSX Code: EXX) advises that the participants in the WA-359-P joint venture have agreed to grant a 12 month extension to MEO Australia Limited with respect to the previously agreed farmin terms for this permit.

Exoil previously granted an option that was due to expire on 1<sup>st</sup> January 2009, whereby MEO could commit to funding a well in the WA-359-P permit to retain its current 60% interest beyond that date. In consideration of extending this option by 12 months, and thereby deferring the drilling commitment, MEO is required to reprocess sufficient existing 3D seismic to firm up the Hephaestus lead in WA-359-P into a drillable prospect. The reprocessing obligation is contingent upon a successful outcome at Zeus-1.

MEO advises that it is currently seeking farmin partners with the intention of drilling a well in WA-359-P in 2010.

The original farmin arrangement for WA-359-P was agreed in October 2007. Since this time MEO has acquired 2D seismic, re-processed 3D seismic and developed an inventory of leads in the permit.

Participants in WA-359-P are:

MEO Australia Limited (Operator) (ASX Code: MEO)	60%
Cue Energy Resources NL (ASX Code: CUE)	20%
Exoil Limited (NSX Code: EXX)	20%

By Order of the Board

A handwritten signature in blue ink, appearing to read "J.G. Tuohy".

**J.G. Tuohy**  
Company Secretary

23 December 2008