



## Exoil Limited

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## QUARTERLY ACTIVITY REPORT TO 30 JUNE 2009

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Exoil Limited operates and holds interests in eight petroleum exploration permits and is a participant in another four permits, all located in the offshore waters of Australia.

### **VIC/P53, GIPPSLAND BASIN (Exoil 25% interest reducing to 16.667% as a result of farmout)**

The Vic/P53 Joint Venture consists of:

|  |                  |
|--|------------------|
| Stuart Petroleum Ltd (ASX Code: STU)   | 50% and Operator |
| Cue Petroleum Pty Ltd                  | 25% *            |
| Exoil Limited                          | 16.667%          |
| Moby Oil & Gas Limited (ASX Code: MOG) | 8.333%           |

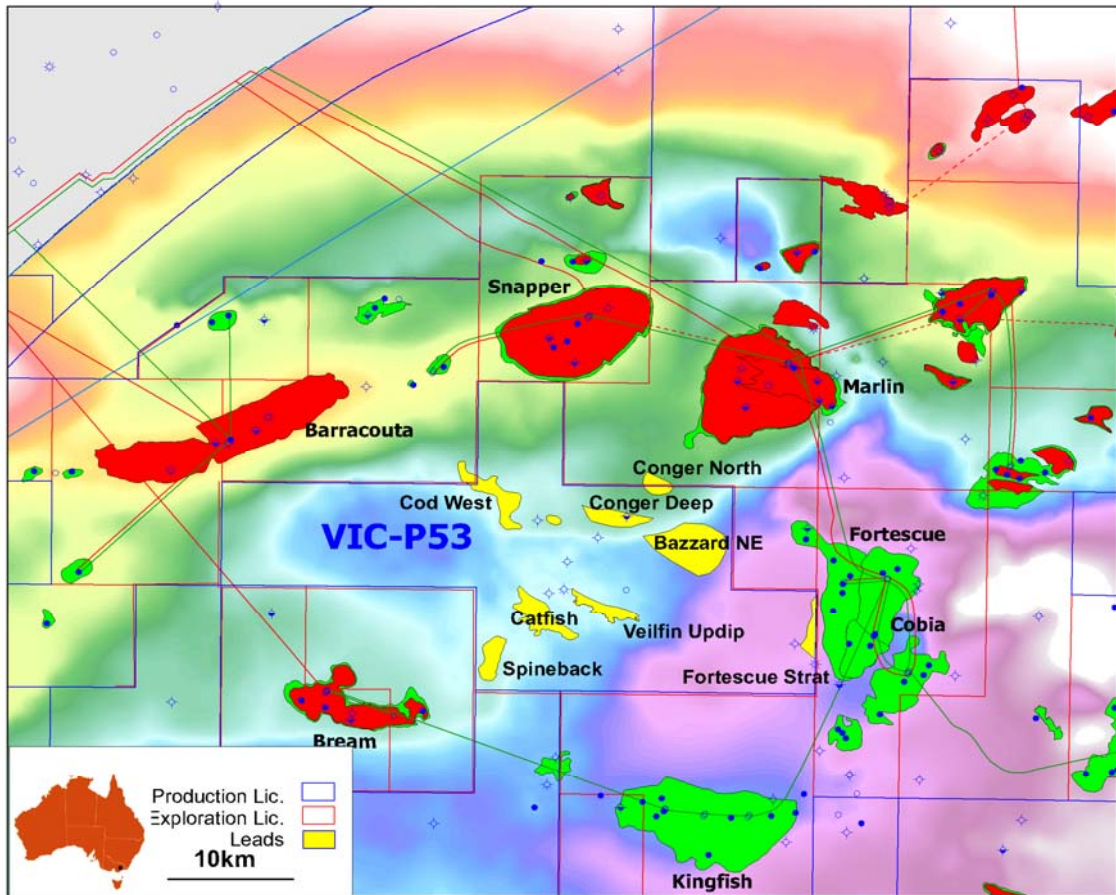
\* *Subject to a back-in right in favour of Australia Crude Oil Company, Inc. with respect to a 15% interest.*

In August 2007, Stuart Petroleum Ltd ("Stuart") was assigned a 50% participating interest in the permit by the Company and Moby Oil & Gas Limited ("Moby") and Stuart was appointed Operator as a part of farmin terms.

During Q4 2008, Bazzard-1 was drilled at Stuart's cost but failed to encounter hydrocarbons.

As part of the farmin terms, Stuart is required to drill a second well at its cost or else reconvey its interest back to the Company and Moby on a 2/3<sup>rd</sup> and 1/3<sup>rd</sup> basis respectively. Stuart has been granted an extension of time until 31 August 2009 in which to decide whether to maintain its interest in the permit.

Mapping of potential prospects is ongoing, with Stuart's focus being on the Spineback, Catfish and Cod West leads. The Joint Venture has also sought a variation of the permit work conditions.



*Prospects and Leads Map – Vic/P53*

### **VIC/P45, GIPPSLAND BASIN (Exoil 50% interest)**

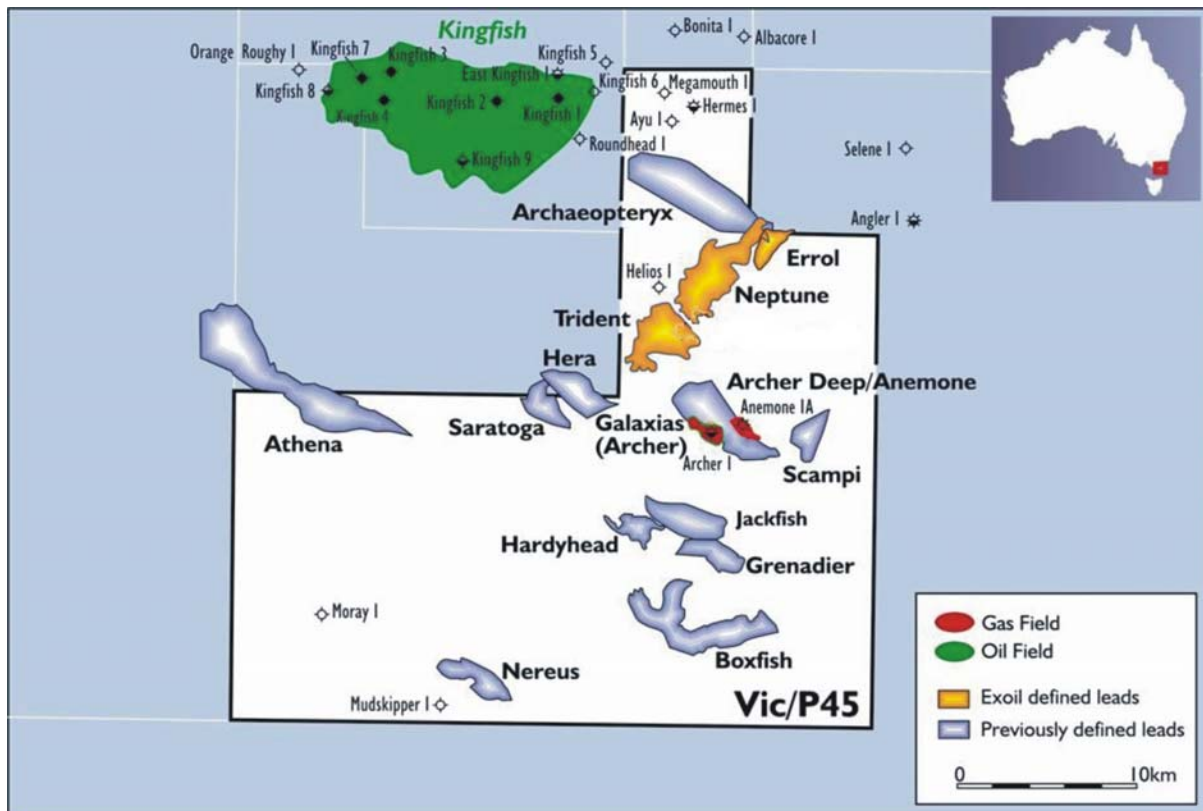
The Vic/P45 Joint Venture consists of:

|                        |                  |
|------------------------|------------------|
| Exoil Limited          | 50% and Operator |
| Moby Oil & Gas Limited | 50%              |

A variation of the permit work conditions is being sought by the Joint Venture following the drilling of the Megamouth-1 and Coelacanth-1 wells during the initial three year term of the permit.

The Joint Venture is reviewing the remaining features and leads within the permit with the aim of developing a drillable prospect.

Any prospect considered worthy of drilling will be offered for farmout to third parties on the basis of the earning of an interest in the permit in return for contributing to the drilling costs.



**Prospects and Leads Map – Vic/P45**

### **T/37P and T/38P, BASS BASIN (Exoil 35% interest)**

The T/37P and T/38P Joint Ventures consist of:

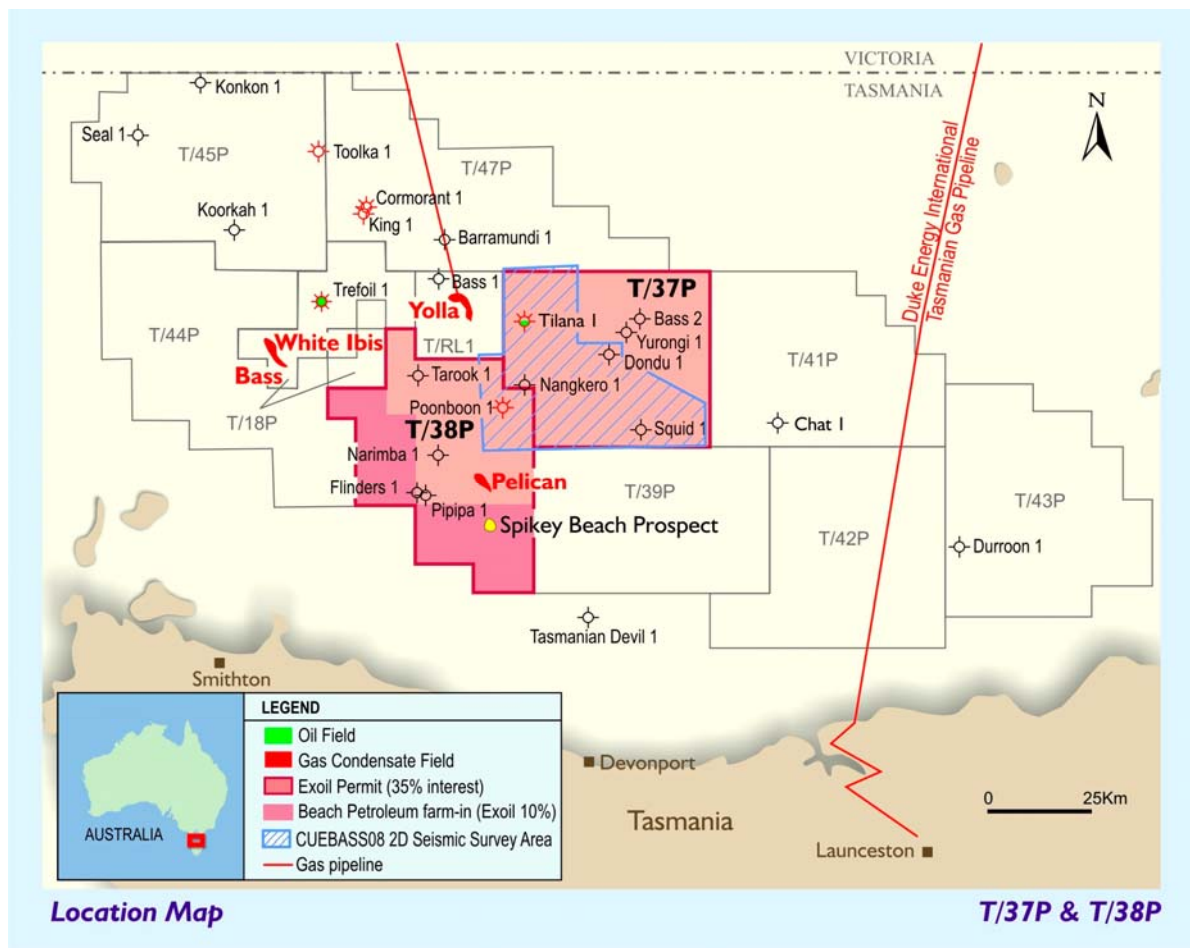
|  |                  |
|--|------------------|
| Cue Energy Resources Ltd (ASX Code: CUE) | 50% and Operator |
| Exoil Limited                            | 35%              |
| Gascorp Australia Pty Ltd                | 15%              |

Exoil, with Cue Energy Resources Ltd and Gascorp Australia Pty Ltd, hold the two adjacent permits T/37P and T/38P. The permits are located in the Bass Strait region, north of Tasmania and east of King Island and each consists of 40 graticular blocks, covering areas of approximately 2,670 kms<sup>2</sup> (T/37P), and 2,655 kms<sup>2</sup> (T/38P). Water depths across the areas are less than 75 metres.

The T/37P permit is immediately adjacent to the east of the Yolla gas/condensate field which begun production in mid 2007. The T/38P permit contains the Pelican gas/condensate discovery and is south of the Yolla field in the adjacent licence area.

The Joint Ventures joined with a group of companies which together mobilized a seismic vessel to the Gippsland, Bass and Otway areas. As a consequence, 3,000 line kms of new 2D seismic data was acquired in T/37P and 670 line kms acquired in T/38P. The Company farmed out its share of the cost of this survey to Gascorp Australia Pty Ltd and, as a consequence, its interest in the permits and the Joint Ventures has reduced to 35%. Interpretation of the seismic data acquired within the permits has been completed and both time and depth maps constructed and integrated with existing well information. Leads have been identified and analysed.

Beach Petroleum Limited ("Beach") agreed to farmin to part of T/38P and will earn an 80% interest in a defined portion ("the Spikey Beach blocks") of the permit by paying for the drilling of the Spikey Beach-1 exploration well. Exoil will hold a 10% carried interest through the drilling of Spikey Beach-1 (see highlighted area in the map below). The well will be operated by Beach and was originally expected to be drilled in late 2008. However, the West Triton rig could not jack-up successfully over the well location so an alternative rig will be required to drill the well. Exoil will hold a 10% interest in the Spikey Beach blocks after Beach has met its farmin obligations by drilling the well. The well is now expected to be drilled in late September and October 2009.





**WA-332-P and WA-333-P, BROWSE BASIN (Exoil 25.375% interest held by a wholly-owned subsidiary)**

Exoil, through its wholly-owned subsidiary Braveheart Resources Pty Ltd, holds a 25.375% interest in these two contiguous permits that are being explored by the Braveheart Joint Venture.

The Braveheart Joint Venture consists of:

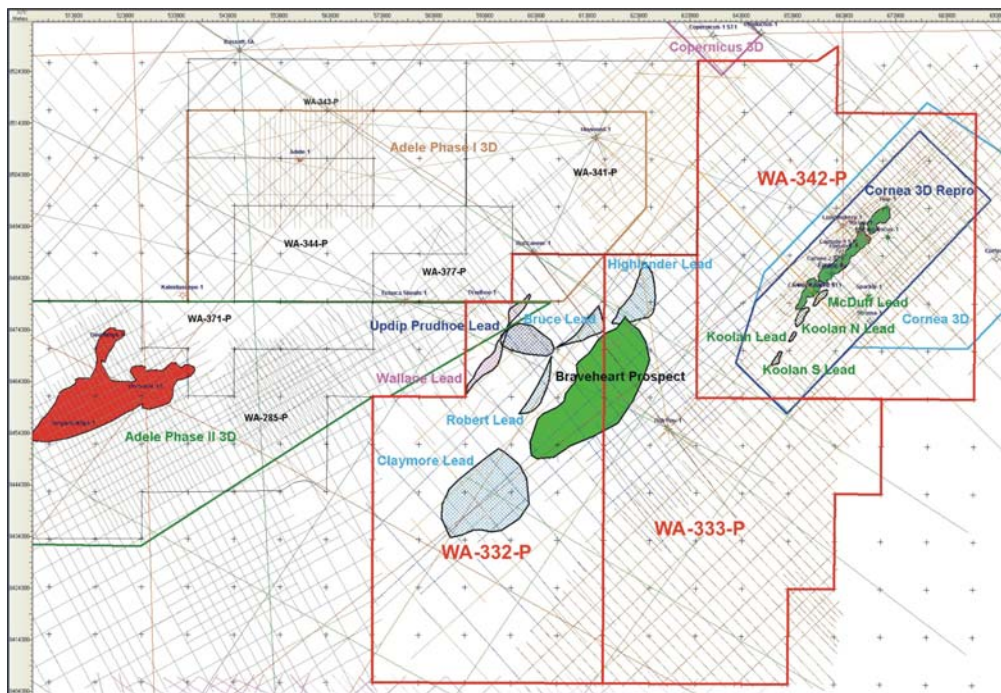
|                              |                      |
|------------------------------|----------------------|
| Browse Petroleum Pty Ltd     | 27.500% and Operator |
| Braveheart Resources Pty Ltd | 25.375%              |
| Braveheart Petroleum Pty Ltd | 25.375%              |
| Braveheart Oil & Gas Pty Ltd | 14.500%              |
| Braveheart Energy Pty Ltd    | 7.250%               |

The then Browse Joint Venture previously acquired two Braveheart 2D seismic programmes over these permits and obtained available open file reports and basic 2D and 3D seismic data relating to the permits that was acquired by previous explorers. The data sets have been integrated with the acquisition and processing of the third and latest Braveheart 2D seismic survey to infill the existing grid of data with lead specific coverage. Geological and geophysical evaluation of the permits is continuing.

AVO studies over the Braveheart Prospect, which straddles WA-332-P and WA-333-P, have provided a drilling target for the prospect and the Joint Venture has committed to a drilling rig for the drilling of Braveheart-1 in late 2009 early 2010.

The Joint Venture elected to acquire a site survey over the drilling location and the latest 700 line km new infill 2D seismic over the Braveheart Prospect. This infill survey was funded by a farmout of 15% of each of WA-332-P and WA-333-P to Browse Petroleum Pty Ltd.

Processing of the Braveheart Infill survey has been completed, interpretation commenced and the Braveheart Prospect confirmed. A further 12.5% interest in both WA-332-P and WA-333-P was farmed out to Browse Petroleum Pty Ltd in return for that company meeting all of the costs of the drilling services programme with Australian Drilling Associates Pty Ltd in the lead up to drilling Braveheart-1.



**Permits WA-332-P, WA-333-P and WA-342-P**

### **WA-342-P, BROWSE BASIN (Exoil 29.75% interest held by subsidiary)**

Exoil, through its wholly owned subsidiary Hawkestone Oil Pty Ltd, holds a 29.75% interest in this permit that is being explored by the Cornea Joint Venture.

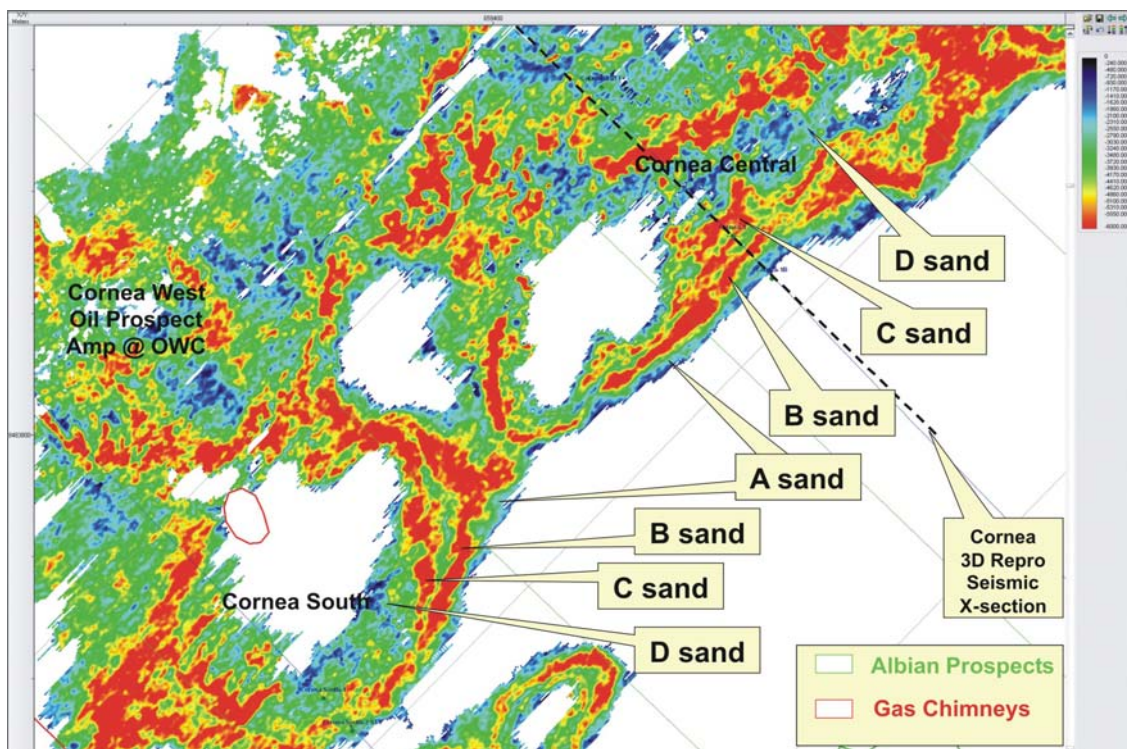
The Cornea Joint Venture consists of:

|                                 |                     |
|---------------------------------|---------------------|
| Hawkestone Oil Pty Ltd          | 29.75% and Operator |
| Batavia Oil & Gas Pty Ltd       | 29.75%              |
| Alpha Oil & Natural Gas Pty Ltd | 17.00%              |
| Gascorp Australia Pty Ltd       | 15.00%              |
| Goldsborough Energy Pty Ltd     | 8.50%               |

As with the adjacent WA-332-P and WA-333-P permits, the Cornea Joint Venture holds open file reports and basic 2D and 3D seismic data relating to the permit that was acquired by previous explorers. In the case of WA-342-P, this includes 2,000 km<sup>2</sup> of high quality 3D seismic, known as the Cornea 3D survey, which is now held by the Cornea Joint Venture. The Joint Venture has reprocessed approximately 1,000 km<sup>2</sup> of the Cornea 3D data.

The Cornea Field was discovered by the early exploration wells Cornea-1, 1B and 2. The wells are considered to have established the presence of a 25 metre gas column and an 18 metre oil column in the Albian sandstones of the Jamieson Formation and the field is a large drape feature. It accumulated 18 to 22 degree API oil derived from Early Cretaceous, Echuca Shoals Formation and possibly Late Jurassic source rocks in the Heywood Graben, located over 60 kilometres to the west. The field is split into three main structural components – Cornea South and Cornea Central, both with gas and oil, and Cornea North with gas and no underlying oil presence.

On reprocessed Cornea 3D seismic, similar Albian sandstone drape features have been recognised in the McDuff, Koolan North, Koolan and Koolan South leads in a basement high trend, parallel with the Cornea Field. These drape leads occur over lower basement topography than in the Cornea structure and, as such, also have the better quality Aptian to early Albian sandstone reservoirs draped over basement, with the intervening seal interpreted to be intact. This potentially allows stacked hydrocarbon pools, as indicated by the AVO anomaly in the McDuff Lead, which was not observed in the Cornea Field.



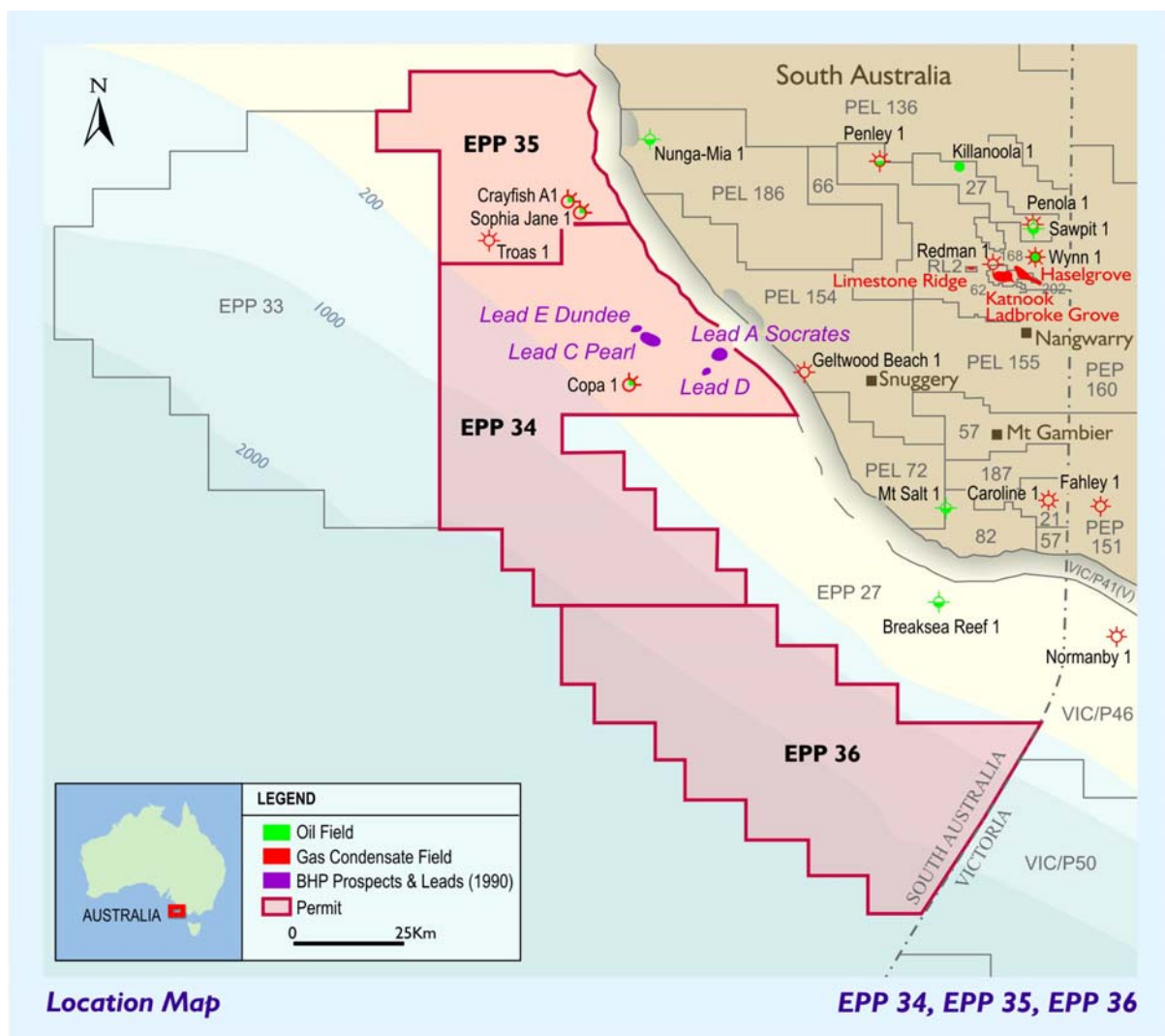
**Cornea Prospects – WA-342-P**

### EPP 34, OTWAY BASIN (Exoil 15% interest)

The EPP 34 Joint Venture consists of:

|                                |                  |
|--------------------------------|------------------|
| Exoil Limited                  | 15% and Operator |
| Moby Oil & Gas Limited         | 20%              |
| National Energy Pty Ltd        | 15%              |
| United Oil & Gas Pty Ltd       | 30%              |
| Gascorp Australia Pty Ltd      | 10%              |
| National Gas Australia Pty Ltd | 10%              |

Processing of the 1,100 km Trocopa 2D survey continued during the quarter. Reprocessing of old data was also undertaken. In the past, interpretation has focused on the northern shelfal section of the block, targeting the Early Cretaceous Pretty Hill Sandstone, but will cover all areas now comprising the enlarged modern data set.



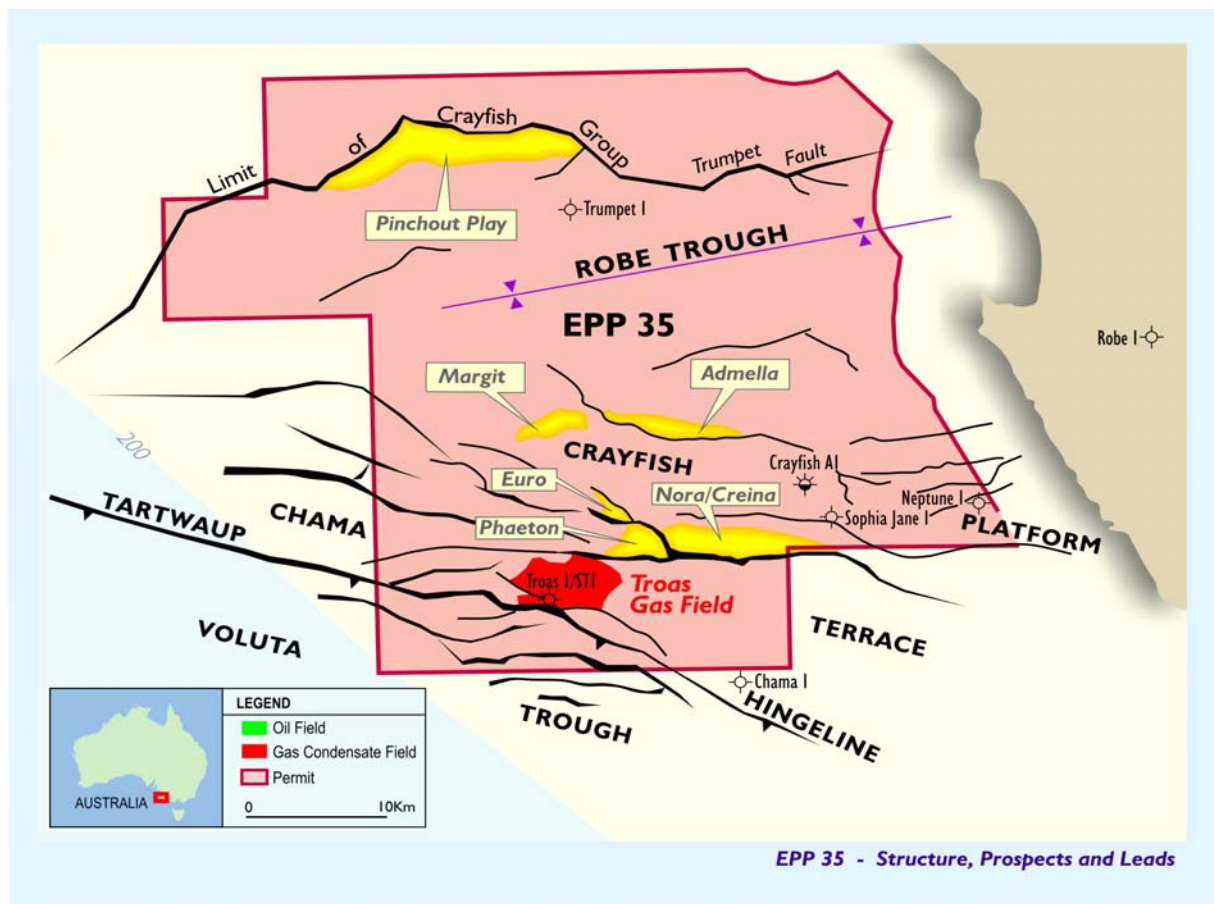


### **EPP 35, OTWAY BASIN (Exoil 30% interest)**

The EPP 35 (Troas) Joint Venture consists of:

|                           |                  |
|---------------------------|------------------|
| Exoil Limited             | 30% and Operator |
| Gascorp Australia Pty Ltd | 30%              |
| National Energy Pty Ltd   | 20%              |
| Moby Oil & Gas Limited    | 20%              |

EPP 35 contains the Troas Gas Accumulation, where gas indications were noted over more than 1,000 metres of sedimentary section during drilling of the Troas-1 & ST1 well. The permit therefore has a proven hydrocarbon system in place. The focus of the Joint Venture has been on the Troas Deep Prospect where it is planned to acquire a 325 km<sup>2</sup> 3D seismic grid over the Troas complex. The permit is endowed with a wide range of potential prospects, with 'fair to good' seismic and well data coverage. The permit is located approximately 100 km from the gas pipeline to Adelaide.



### **EPP 36, OTWAY BASIN (Exoil 30% interest)**

The EPP 36 Joint Venture consists of:

|                           |                  |
|---------------------------|------------------|
| Exoil Limited             | 30% and Operator |
| Gascorp Australia Pty Ltd | 30%              |
| National Energy Pty Ltd   | 20%              |
| Moby Oil & Gas Limited    | 20%              |

A critical evaluation by the Joint Venture of the need for continued involvement in this permit, given prospectivity, current oil and domestic gas prices and general outlook, was completed. As a result of that evaluation the Joint Venture has initiated discussions with the authorities with a view to relinquishment of the permit.



### VIC/P61, OTWAY BASIN (Exoil 30% interest)

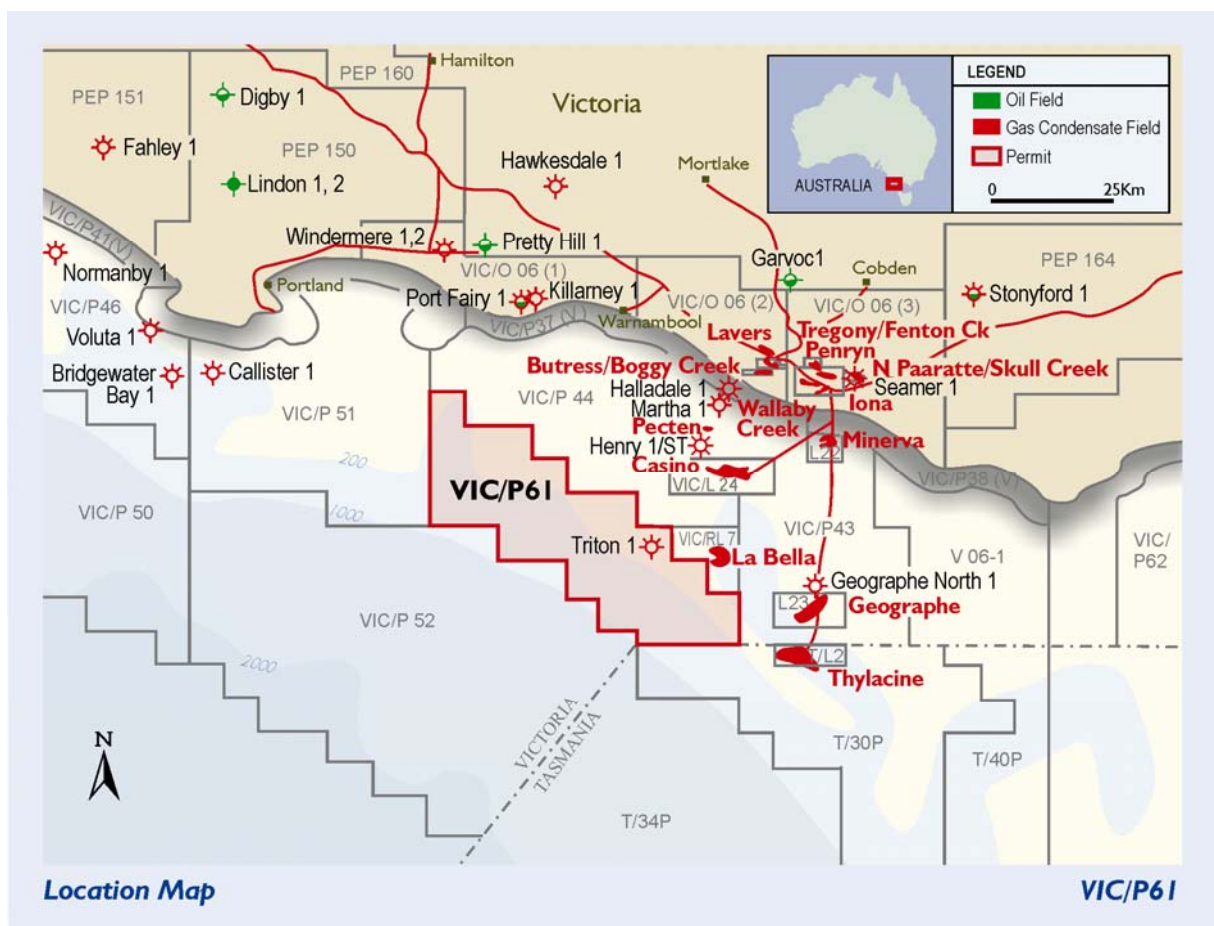
The Vic/P61 Joint Venture consists of:

|                               |                  |
|-------------------------------|------------------|
| Exoil Limited                 | 30% and Operator |
| Gascorp Australia Pty Ltd     | 30%              |
| Moby Oil & Gas Limited        | 20% *            |
| Octanex Group (NSX Code: OCT) | 20% *            |

\* These interests are being earned pursuant to farmout arrangements with Exoil and Gascorp.

The Vic/P61 Joint Venture undertook a critical evaluation of future operations in the permit, balancing prospectivity against the restrictive environmental requirements and the difficulty of reconciling good industry and acquisition practice with those requirements.

Subsequent to that evaluation the Joint Venture has initiated discussions with the authorities with a view to relinquishing the permit.



### WA-359-P, DAMPIER SUB-BASIN (Exoil 20% interest)

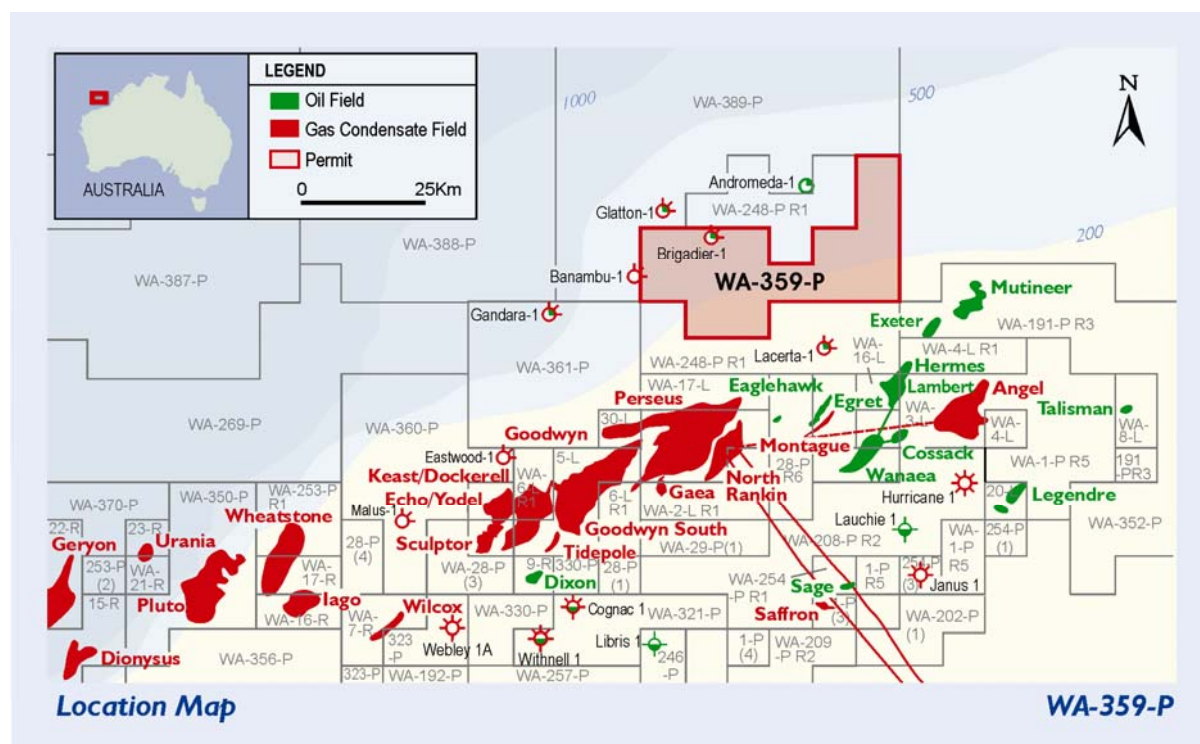
The WA-359-P Joint Venture consists of:

|   |                  |
|---|------------------|
| North West Shelf Exploration Pty Ltd<br>(Subsidiary of MEO Australia Limited) | 60% and Operator |
| Cue Exploration Pty Ltd   | 20%              |
| Exoil Limited   | 20%              |

WA-359-P is in the Dampier Sub-basin offshore from Western Australia and covers an area of approximately 1,200 kms<sup>2</sup> in water depths of less than 500m.

Interpretation of the existing seismic data in the permit has been completed, with regional time and depth maps having been constructed and integrated with well information. Prospect mapping is complete and prospect packages have been prepared. A scoping economic study for potential hydrocarbon accumulations has also been completed.

A wholly-owned subsidiary of MEO Australia Limited (ASX Code: MEO) farmed into the Company's and Cue Exploration Pty Ltd's 50% interests in WA-359-P and was appointed Operator. That company will earn an overall 60% interest in the permit by meeting the (now completed) Year 3 seismic commitment and by electing to fund 90% of the cost of drilling the first exploration well in WA-359-P. As of the date of this report, MEO had not elected to drill that well.



**Location of WA-359-P in Dampier Sub-basin**

On behalf of the Board

J.M.D. Willis  
Director  
Melbourne, 23 July 2009



**Exoil Limited**  
ABN 40 005 572 798

## Exploration Quarterly Report

Quarter ended ("current quarter")

30 JUNE 2009

### Consolidated statement of cash flows

| Cash flows related to operating activities        |  | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|---|--|----------------------------|--|
| 1.1   | Receipts from joint venture participant  | 79                         | 79                                     |
| 1.2   | Payments for (a) exploration and evaluation<br>(b) development<br>(c) production<br>(d) administration | (27)                       | (574)                                  |
| 1.3   | Dividends received   |                            |  |
| 1.4   | Interest and other items of a similar nature received  |                            | 12                                     |
| 1.5   | Interest and other costs of finance paid   |                            |  |
| 1.6   | Income taxes paid  |                            |  |
| 1.7   | Other (Proceeds from information sale \$540k)  | 356                        | 761                                    |
| <b>Net Operating Cash Flows</b>                   |  | 252                        | (421)                                  |
| <b>Cash flows related to investing activities</b> |  |                            |  |
| 1.8   | Payment for purchases of: (a)prospects<br>(b)equity investments<br>(c) other fixed assets              | (1)                        | (2)                                    |
| 1.9   | Proceeds from sale of: (a)prospects<br>(b)equity investments<br>(c)other fixed assets                  |                            |  |
| 1.10  | Loans to other entities  |                            |  |
| 1.11  | Loans repaid by other entities   |                            |  |
| 1.12  | Other (provide details if material)  |                            |  |
| <b>Net investing cash flows</b>                   |  |                            | (2)                                    |
| 1.13  | Total operating and investing cash flows (carried forward)   | 251                        | (423)                                  |

## Exploration Quarterly Report

|   |  |     |       |
|---|--|-----|-------|
| 1.13  | Total operating and investing cash flows (brought forward) | 251 | (423) |
| <b>Cash flows related to financing activities</b> |  |     |       |
| 1.14  | Proceeds from issues of shares, options, etc.              |     |       |
| 1.15  | Proceeds from sale of forfeited shares                     |     |       |
| 1.16  | Proceeds from borrowings                                   |     |       |
| 1.17  | Repayment of borrowings                                    |     |       |
| 1.18  | Dividends paid   |     |       |
| 1.19  | Share issue costs  |     |       |
| <b>Net financing cash flows</b>                   |  |     |       |
| <b>Net increase/(decrease) in cash held</b>       |  | 251 | (423) |
| 1.20  | Cash at beginning of quarter/year to date                  | 297 | 971   |
| 1.21  | Exchange rate adjustments to item 1.20                     |     |       |
| 1.22  | <b>Cash at end of quarter</b>                              | 548 | 548   |

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

|      |  |                            |
|------|--|----------------------------|
|      |  | Current quarter<br>\$A'000 |
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 30                         |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   |                            |

1.25 Explanation necessary for an understanding of the transactions

Project management, Corporate management, administration ,etc

### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest



# Exploration Quarterly Report

## Financing facilities available

Add notes as necessary for an understanding of the position.

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             |                             |                        |
| 3.2 Credit standby arrangements |                             |                        |

## Estimated cash outflows for next quarter

|                                | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | 100     |
| 4.2 Development                |         |
| <b>Total</b>                   | 100     |

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

|  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 297                        | 548                         |
| 5.2 Deposits at call                             | -                          | -                           |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other (provide details)                      |                            | -                           |
| <b>Total: cash at end of quarter</b> (item 1.22) | 297                        | 548                         |

## Changes in interests in mining tenements

|     | Tenement<br>reference   | Nature of interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest at<br>end of<br>quarter |
|-----|---|----------------------------------|--|----------------------------------|
| 6.1 | Interests in mining<br>tenements relinquished,<br>reduced or lapsed |                                  |  |                                  |
| 6.2 | Interests in mining<br>tenements acquired or<br>increased           |                                  |  |                                  |

# Exploration Quarterly Report

## Issued securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

|  | Total number           | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|------------------------|---------------|---|--|
| 7.1 <b>Preference securities</b><br>(description)  |                        |               |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |                        |               |   |  |
| 7.3 <b>+Ordinary securities</b>  | 101,550,526            | 101,550,526   |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |                        |               |   |  |
| 7.5 <b>+Convertible debt securities</b><br>(description)   |                        |               |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |                        |               |   |  |
| 7.7 <b>Options</b><br>(description and conversion factor)  | 2,350,000<br>1,950,000 | -<br>-        | Exercise price<br>15 cents<br>20 cents        | Expiry date<br>31/12/2009<br>31/12/2009          |
| 7.8 Issued during quarter  |                        |               |   |  |
| 7.9 Exercised during quarter   |                        |               |   |  |
| 7.10 Expired during quarter  |                        |               |   |  |
| 7.11 <b>Debentures</b><br>(totals only)  |                        |               |   |  |
| 7.12 <b>Unsecured notes</b> (totals only)  |                        |               |   |  |

# Exploration Quarterly Report

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act .
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 23/07/2009  
(Secretary)

Print name: J.G.TUOHY

## Notes

- 1 The quarterly report provides a basis for informing shareholders how the entity's activities have been financed for the past quarter and the effect on its cash position.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** The Australian equivalent of International Accounting Standards have been complied with.

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