

**Exoil Limited**

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Dear Shareholder

DRILLING OF SPIKEY BEACH 1 WELL IN BASS BASIN

Please find enclosed the recent NSX release in relation to the drilling of Spikey Beach 1.

You will be pleased to know that the well, originally planned to be drilled last year by Beach Petroleum Ltd pursuant to their farmin to T/38P in the Bass Basin, is now planned to be spudded in the next few days.

This well follows last year's wells; Coelacanth 1 in Vic/P45 drilled at Apache's cost, and Bazzard 1 in Vic/P53 drilled at Stuart Petroleum's cost.

We estimate the total combined cost of these three wells to be in the order of AUD\$80 million, all of which has been contributed by farminees at no cost to the Company or the Shareholders.

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

J.G. Tuohy
Company Secretary

27 August 2009

**Exoil Limited**

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RELEASE**SPIKEY BEACH-1 EXPLORATION WELL TO BE DRILLED IN T/38P
OFFSHORE BASS BASIN**

Exoil Limited (NSX Code: EXX) reports that the Company has been advised by Beach Petroleum Limited ("Beach") that the Ocean Patriot semi-submersible drilling rig is expected to be assigned to Beach, for the drilling of the Spikey Beach-1 exploration well in T/38P in the Bass Basin offshore Tasmania, on or around 30 August 2009.

Beach agreed to farmin to part of the T/38P permit and will earn an 80% interest in a defined portion of the permit (known as the Spikey Beach Blocks - see highlighted area in the map below) by paying for the drilling of the Spikey Beach-1 exploration well.

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 floating rather than jack-up rig was required to drill the well.

Exoil will hold a 10% carried interest through the drilling of Spikey Beach-1 and a 10% interest in the Spikey Beach Blocks after Beach has met its farmin obligations by drilling the well.

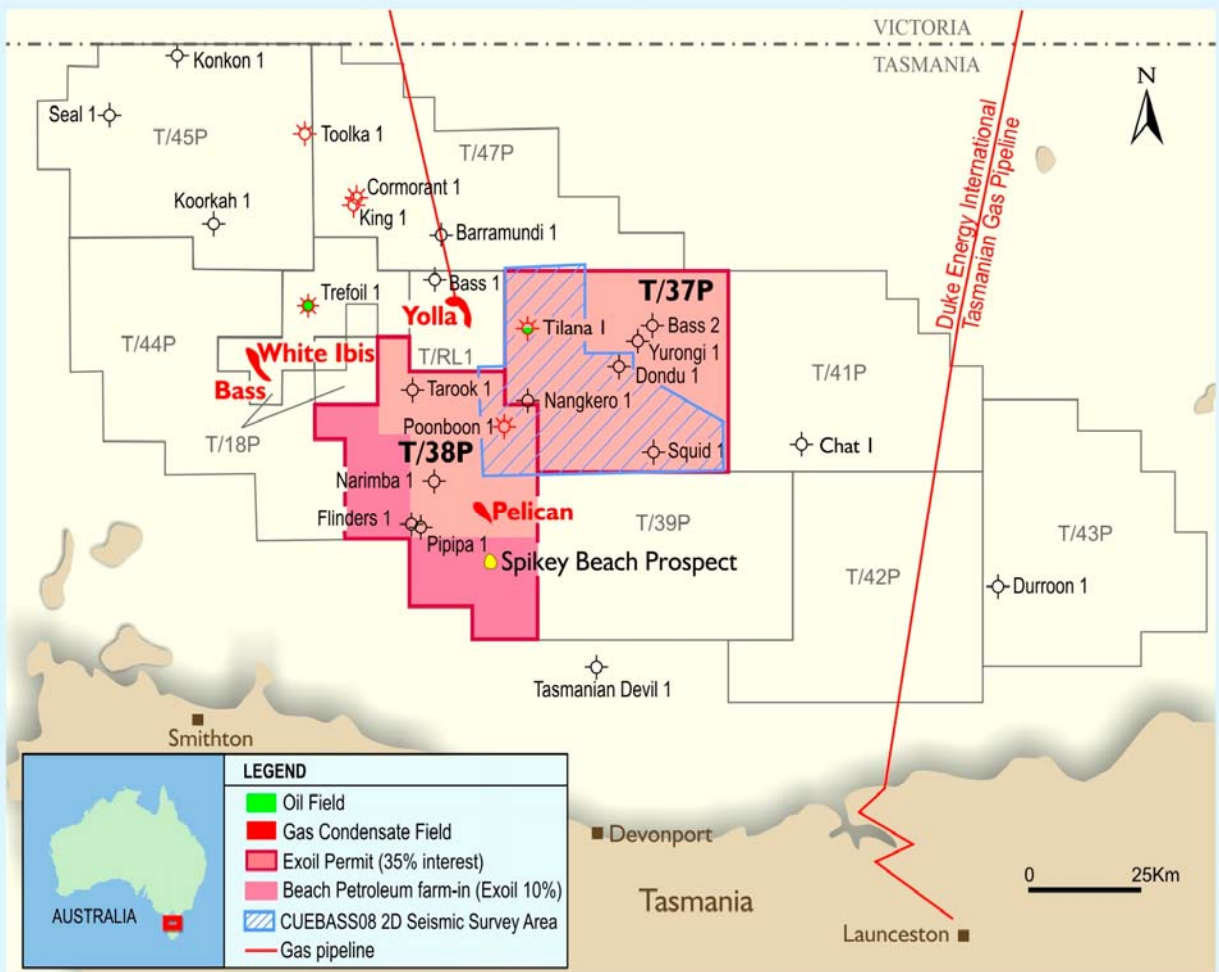
In its release to the Australian Stock Exchange, Beach has advised that "Spikey Beach-1 will be addressing mean recoverable oil of 16 million barrels and a high side of 41 million barrels (recoverable) of oil in the Upper Eastern View Group."

By Order of the Board

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

J.G. Tuohy
Company Secretary

26 August 2009



Location Map

T/37P & T/38P