exoil
LIMITED

Annual Report 2009

DIRECTORY

BOARD OF DIRECTORS

J.M.D. Willis (Chairman)
E.G. Albers
G.A. Menzies
P.J. Albers (Resigned 16 September 2009)

SECRETARY

J.G. Tuohy

REGISTERED OFFICE AND PRINCIPAL ADMINISTRATION OFFICE

Level 21
500 Collins Street
Melbourne, Victoria 3000

Telephone: +61 (0)3 8610 4700
Facsimile: +61 (0)3 8610 4799
E-mail: admin@exoil.net

AUDITOR

PKF
Chartered Accountants
Level 14
140 William St
Melbourne, Victoria 3000

SHARE REGISTRY

Link Market Service Limited
Level 1
333 Collins Street
Melbourne, Victoria 3000
Telephone: +61 (0)3 9615 9947
Facsimile: +61 (0)3 9615 9744
Website: www.linkmarketservices.com.au

STOCK EXCHANGE LISTING

National Stock Exchange of Australia Ltd
Level 3, 45 Exhibition Street, Melbourne, Vic 3000
Level 2, 117 Scott Street, Newcastle, NSW 2300
Website: www.nsxa.com.au

NSX CODE

EXX **Ordinary Shares**

INCORPORATED IN VICTORIA

5 July 1979

WEBSITE

www.exoil.net

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FORWARD LOOKING STATEMENTS

This Financial Report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the company or not currently considered material by the company.

RISK FACTORS

Exploration for oil and gas is speculative, expensive and subject to a wide range of risks. There can be no assurance that any well drilled by Exoil will result in the discovery of oil or gas, nor that any discovery will prove to be commercially viable. Individual investors should consider these matters in light of their personal circumstances (including financial and taxation affairs) and seek professional advice from their accountant, lawyer or other professional adviser as to the suitability of an investment in the company.

CHAIRMAN'S REVIEW

Dear Shareholders

In the financial year under review, Exoil Limited has continued to pursue both its exploration and corporate strategies, with the Bazzard-1 well and the achievement of a listing on NSX being the highlights of those strategies.

During the last financial year and to date we have:

(i) drilled Bazzard-1 in Vic/P53 in September and October 2008 at no cost to the Company after farmout to Stuart Petroleum Ltd (Stuart);

(ii) listed the Company's shares on NSX on 1 December 2008;

(iii) acquired 770 km new infill 2D seismic survey over the Braveheart Prospect in WA-332-P and WA-333-P, Exoil was carried through the costs of the seismic and the associated site survey via farmout;

(iv) secured a drilling services contract for the management and supervision of the Braveheart well, with Exoil carried through the costs of the service contract via farmout;

(v) progressed the ongoing assessments of the Cornea oil accumulation in WA-342-P with a view to drilling a well in 2010;

(vi) undertook the processing of the May 2008 Trocopa 2D survey in EPP34;

(vii) participated in the drilling of Spikey Beach-1 in September 2009, at no cost to the Company, after farmout to Beach Petroleum Limited;

(viii) acquired a site survey over the proposed Cornea drilling location.

All these activities are expanded on in more detail in the Directors' Report.

Progress towards drilling a well on the Braveheart prospect continues to be made. Importantly there is encouraging support being shown by the industry for involvement in this well and in a well to evaluate the Cornea oil accumulation in the adjoining WA-342-P permit.

The seismic survey over the Braveheart prospect in WA-332-P and WA-333-P has now matured this prospect to the point where it is ready to be drilled utilising the Songa Venus semi-submersible drilling rig. The Braveheart-1 well is now scheduled to be drilled in Q1 of 2010 within the WA-330-P permit and is expected to be followed by a well to evaluate Cornea.

The Company has been able to complete farmin arrangements through all of the various exploration phases to date and be carried at no cost, so reducing the Company's interest in the WA-332-P and WA-333-P permits to 25.375% and to 29.75% in WA-342-P.

CHAIRMAN'S REVIEW (Continued)

While a well to evaluate the Cornea oil accumulation is not required before the end of the term of the WA-342-P permit in November 2009, it will be part of the work programme in the early years of a renewal permit over the area. We are advancing plans, including undertaking a site survey for the drilling and testing of a Cornea appraisal well.

The Braveheart and Cornea wells will be exciting exploration activities to look forward to in the current financial year.

The Spikey Beach-1 well was to have been drilled within T/38P in December 2008 but the West Triton jack-up rig was unable to be safely secured at the well location. Beach Petroleum Ltd ("Beach") farmed into the Spikey Beach Blocks within T/38P and became obligated to drill the well at its cost. A semi-submersible rig was then obtained by Beach and Spikey Beach-1was drilled in September 2009. Unfortunately, no hydrocarbons were encountered. The Company's 10% interest in the well was fully funded by Beach.

The Bazzard-1 well was drilled in permit Vic/P53 during the year under review and reported on in my 2008 Chairman's Review. While the outcome of the well was disappointing, Stuart continues to evaluate whether to commit to the second farmin well or reconvey its 50% interest back to the other joint venturers.

We continue to work with our joint venture partners in each of our permits to realise our strategy of finding farmin partners to assist with funding the substantial expenditures required for seismic acquisition operations and the drilling of wells. The exploration activity undertaken over the last financial year and scheduled for the current year is testament to the success of that strategy.

On the corporate front, the Company gained listing of its securities on the National Stock Exchange (NSX) on 1 December 2008. This was done via an Information Memorandum and did not involve the raising of additional capital. Being on the NSX platform assists Shareholders in keeping abreast of Company-related information that is regularly posted on the Regulatory News Service page maintained by NSX for each listed company.

On 16 September 2009, Mrs Pamela Albers retired as a Director and was not replaced. The Board records its sincere thanks to Mrs Albers for her service and support of the Company for the past twenty five years.

The Board regularly re-assesses the Company's capital and strategic requirements and is currently considering various initiatives to improve its capital base and put itself in a position to seek a listing on the Australian Securities Exchange.

Yours sincerely

J.M.D. Willis
Chairman
16 September 2009

DIRECTORS' REPORT

The directors present their report together with the financial report of Exoil Limited ("the company" or "Exoil") and its wholly-owned subsidiaries ("consolidated entity" or "group") for the year ended 30 June 2009 and the auditor's report thereon.

DIRECTORS

The directors of the company in office throughout the period and to the date of this report are as follows:

JMD Willis LL.M (Hons), Dip Acc
Chairman
Non-Executive Director
Mr Willis is the principal of an oil and gas consulting company based in Melbourne. Prior to that he was a partner in a leading New Zealand law firm, Bell Gully, for more than 25 years where his practice speciality was the upstream oil and gas area, particularly relating to issues concerning gas contracting and the development of oil and gas reserves, joint ventures and upstream petroleum related acquisitions. He has acted for the leading participants in the upstream petroleum industry in New Zealand. He is now active in Australia. With Mr Albers he was co-founder and later a director of Southern Petroleum, a successful New Zealand explorer and partner, now wholly owned by Shell. Director since 8 September 2004.

EG Albers LL.B, FAICD
Executive Director, Company Secretary to 27 October 2008
Mr Albers is a company director with over 35 years experience as a lawyer and administrator in corporate law, petroleum exploration and resource sector investment. During this period Mr Albers has sponsored the formation of companies that have made the original Maari (Moki) oilfield discovery in New Zealand, the Yolla Gas/Condensate discovery in Bass Strait, the Evans Shoal gasfield discovery/appraisal in the Timor Sea, the SE Gobe oilfield development in Papua New Guinea and the Oyong oil/gas discovery in Indonesia. Mr Albers is Chairman of ASX-listed Moby Oil & Gas Limited and was a director until August 2009 of both Bass Strait Oil Company Ltd and Cue Energy Resources Ltd (these companies also ASX-listed). He is Chairman of the NSX-Listed Octanex NL. He is also a director and shareholder of various other private and unlisted public companies and a member of the Petroleum Exploration Society of Australia. Director since incorporation of the company on 5 July 1979.

GA Menzies LL.B
Independent Non-Executive Director
Mr Menzies is a barrister and solicitor. He graduated from Melbourne University in 1971 and qualified for admission to the degree of Master of Laws in 1975. He was admitted to practice in 1972. Since 1987 he has carried on practice as a sole practitioner under the name of Menzies & Partners. In the course of his legal practice Mr Menzies has been involved in a wide range of activities including takeovers, litigation in respect thereof, numerous capital raisings and corporate reconstructions. He has been involved in the listing of a large number of public companies ranging from junior exploration to substantial mining companies. Over recent years his activities have focused primarily on corporate reconstructions and capital raisings. Director since 16 September 2004.

PJ Albers
Non-Executive Director
Mrs Albers has had more than 35 years of commercial experience including co-ownership and management of a significant primary production operation. She has been a director of a number of corporations, including public companies, over the last 15 years. Mrs Albers has a background in human resources, health and safety and in public relations. Director since 2 October 1984.

COMPANY SECRETARY

JG Tuohy BCA, CA

For all but two years since 1986, Mr Tuohy has acted as Company Secretary to public listed companies in New Zealand. The first half of that period he spent in the oil and gas sector, initially administering three oil and gas exploration companies in which Messrs Albers and Willis were directors and which they had originally listed. He then acted for only one of them, Southern Petroleum N.L., when it became a successful oil and gas production company. Following that period Mr Tuohy acted in a forensic accounting capacity in a multi-party legal action, before returning to a secretarial position in the motor vehicle industry where he spent 10 years. In these positions, Mr Tuohy has been involved in the various aspects of public and private company administration, especially as this relates to the oil and gas exploration sector and to public listed company activities, obligations and requirements. He relocated to Australia in 2008 to take up the position of Company Secretary to a number of Mr Albers' and his associates' group of companies, of which Exoil is one. He was appointed to this position on 27 October 2008. Mr Tuohy is a chartered accountant in New Zealand.

DIRECTORS' MEETINGS

The number of directors meetings and number of meetings attended by each of the directors during the financial period were:

	Board of Directors		Audit Committee	
Director	**Held**	**Attended**	**Held**	**Attended**
EG Albers	1	1	2	2
JMD Willis	1	1	2	2
GA Menzies	1	1	2	2
PJ Albers	1	1	-	-

DIRECTORS' INTERESTS

As of 30 June 2009 and the date of the signing the report the relevant interest of each of the directors is as follows:

Ordinary shares		*Unlisted Options over ordinary shares*	
EG Albers	73,481,816	EG Albers	200,000
JMD Willis	2,312,500	JMD Willis	400,000
GA Menzies	-	GA Menzies	400,000
PJ Albers	73,072,184	PJ Albers	200,000

As described below, under the Share Capital and Share Options sections of the Directors' Report, the above holdings of shares and options doubled in number on 3 September 2008.

PRINCIPAL ACTIVITY

The principal activity of the company during the course of the financial year was to acquire and explore areas prospective for oil in offshore waters within the jurisdiction of Australia.

REVIEW AND RESULTS OF OPERATIONS

Company overview

The Income Statement shows a consolidated net loss of $1,316,688 (2008: $61,296).

State of affairs

The company is incorporated and domiciled in Australia and has no employees other than directors and company secretary.

The directors are not aware of any other matter or circumstance that has arisen during the financial year or since that has significantly affected or may significantly affect the operations of the company, the results of operations or the state of affairs of the company in subsequent financial years, except as may be stated elsewhere in the financial report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The consolidated entity's strategy is to seek out substantial opportunities in the upstream oil and gas industry and to maximise the monetisation of the consolidated entity's current exploration interests and its investments in that sector.

The likely developments in the consolidated entity's operations in future years and the expected result from those operations are dependent on exploration success in the permit areas in which the consolidated entity holds an interest.

The company is considering raising additional funds through the issue of ordinary shares by issue of a prospectus. Any such issue is likely to be made in support of an application to list the Company on the Australian Securities Exchange.

DIRECTORS' REPORT (Continued)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND AUDITORS

During the year and to the date of this report, the company did not pay premiums in respect of contracts insuring directors or auditors of the company against liabilities arising from their position of directors of the company. No indemnifications have been provided by the company to the auditors.

REVIEW OF PETROLEUM EXPLORATION ACTIVITIES

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%

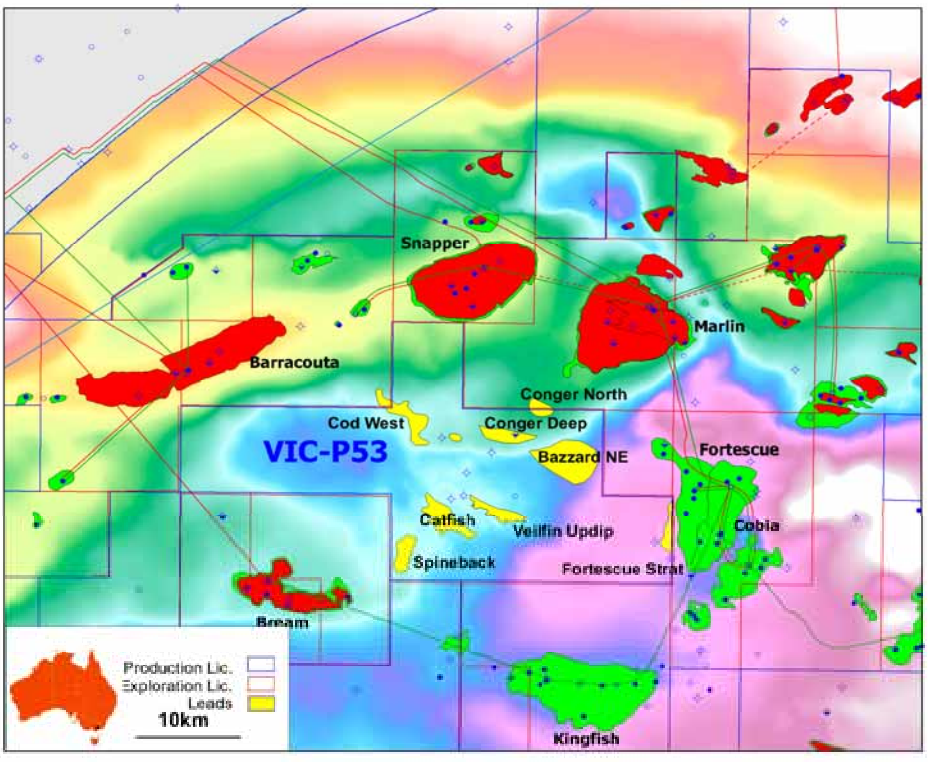
* *Subject to a back-in right in favour of Australia Crude Oil Company, Inc. with respect to a 15% interest.*

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 rds and 1/3rd basis respectively. Stuart has been granted an extension of time until 31 December 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

DIRECTORS' REPORT (Continued)

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

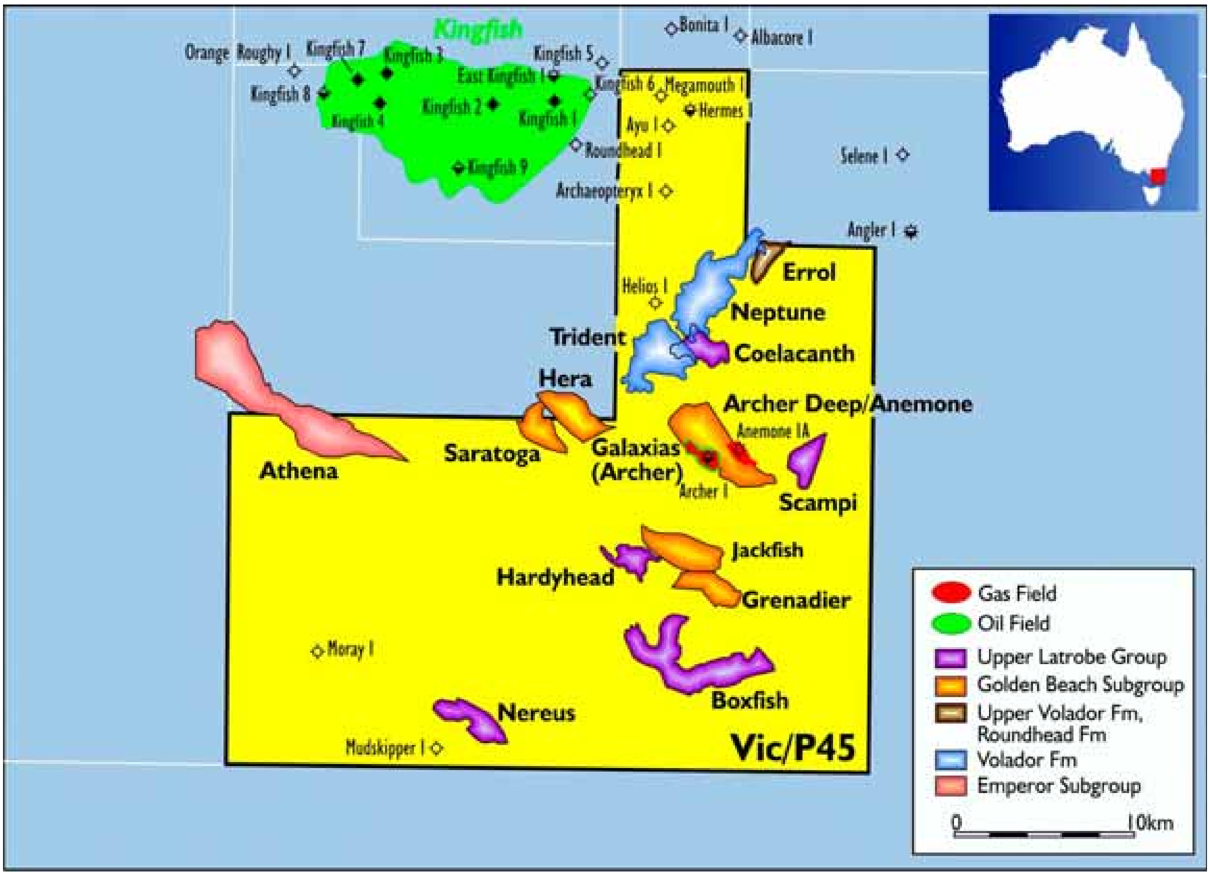
The Vic/P45 Joint Venture consists of:

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%

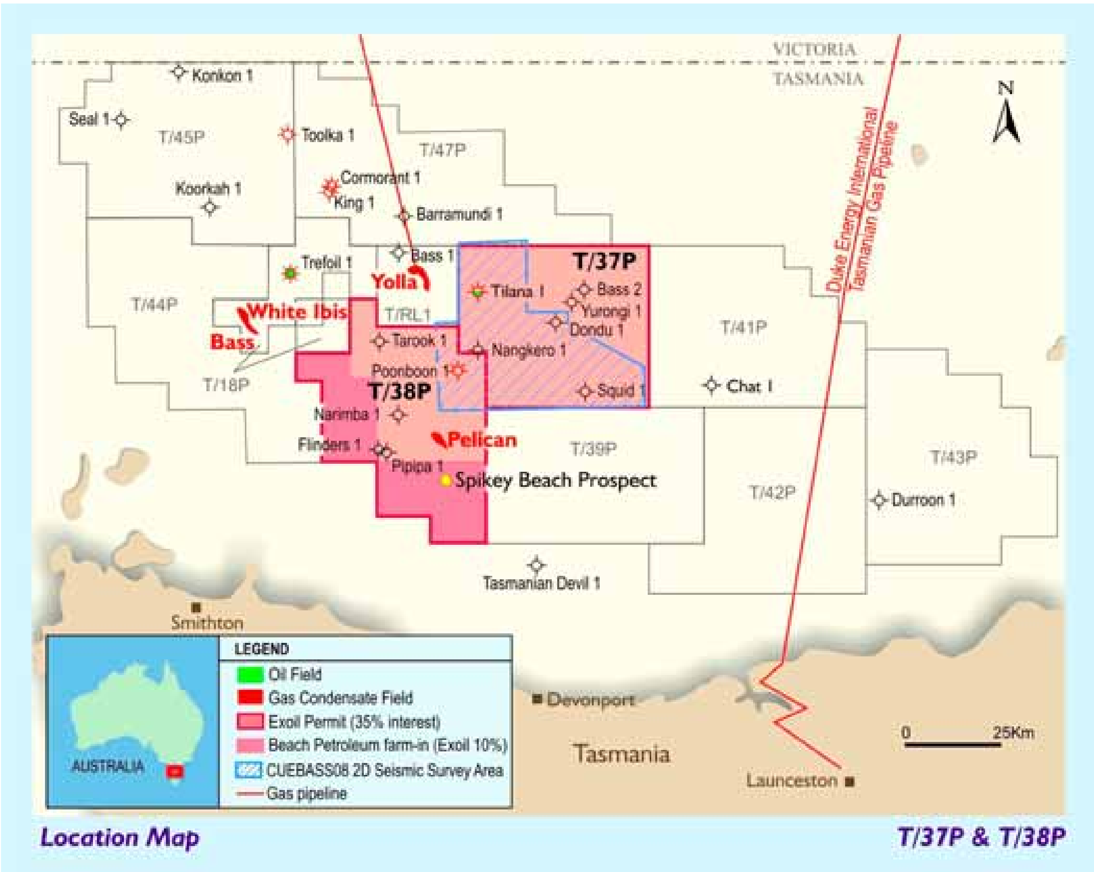
DIRECTORS' REPORT (Continued)

Exoil, with Cue Energy Resources Ltd and Gascorp Australia Pty Ltd ("Gascorp"), 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 km^2 (T/37P), and 2,655 km^2 (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 began 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 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 was sought. The Ocean Patriot semi-submersible drilling rig was recently assigned to Beach and the Spikey Beach-1 well was spudded on 5 September 2009. It is expected to take approximately 24 days to reach its target depth of 2,200 metres and Exoil will hold a 10% interest in the Spikey Beach blocks after Beach has met its farmin obligations.



DIRECTORS' REPORT (Continued)

WA-332-P and WA-333-P, BROWSE BASIN (Exoil 25.375% interest held by 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:

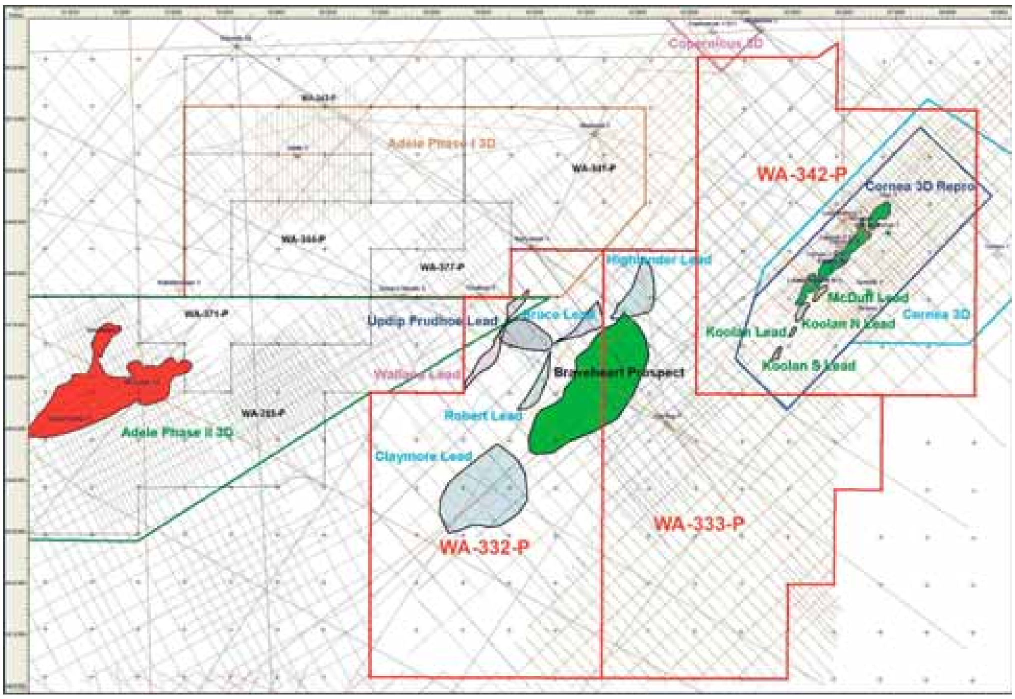
Browse Petroleum Pty Ltd (subsidiary of Gascorp)	40.375%	and Operator
Braveheart Resources Pty Ltd	25.375%	
Braveheart Oil & Gas Pty Ltd (subsidiary of Australian Oil & Gas Corporation, Inc)	14.500%	
Braveheart Petroleum Pty Ltd (subsidiary of Batavia Oil & Gas Pty Ltd)	12.500%	
Braveheart Energy Pty Ltd (subsidiary of Goldsborough Limited)	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.

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, WA-333-P and WA-342-P to Browse Petroleum Pty Ltd and Coldron Pty Ltd, both subsidiaries of Gascorp.

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. The interests of other parties to the Joint Venture have since altered as part of their arrangements to meet their share of the Braveheart-1 drilling costs.

A drilling location within WA-333-P has been selected for the Braveheart-1 well, to be drilled in early 2010.



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

DIRECTORS' REPORT (Continued)

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

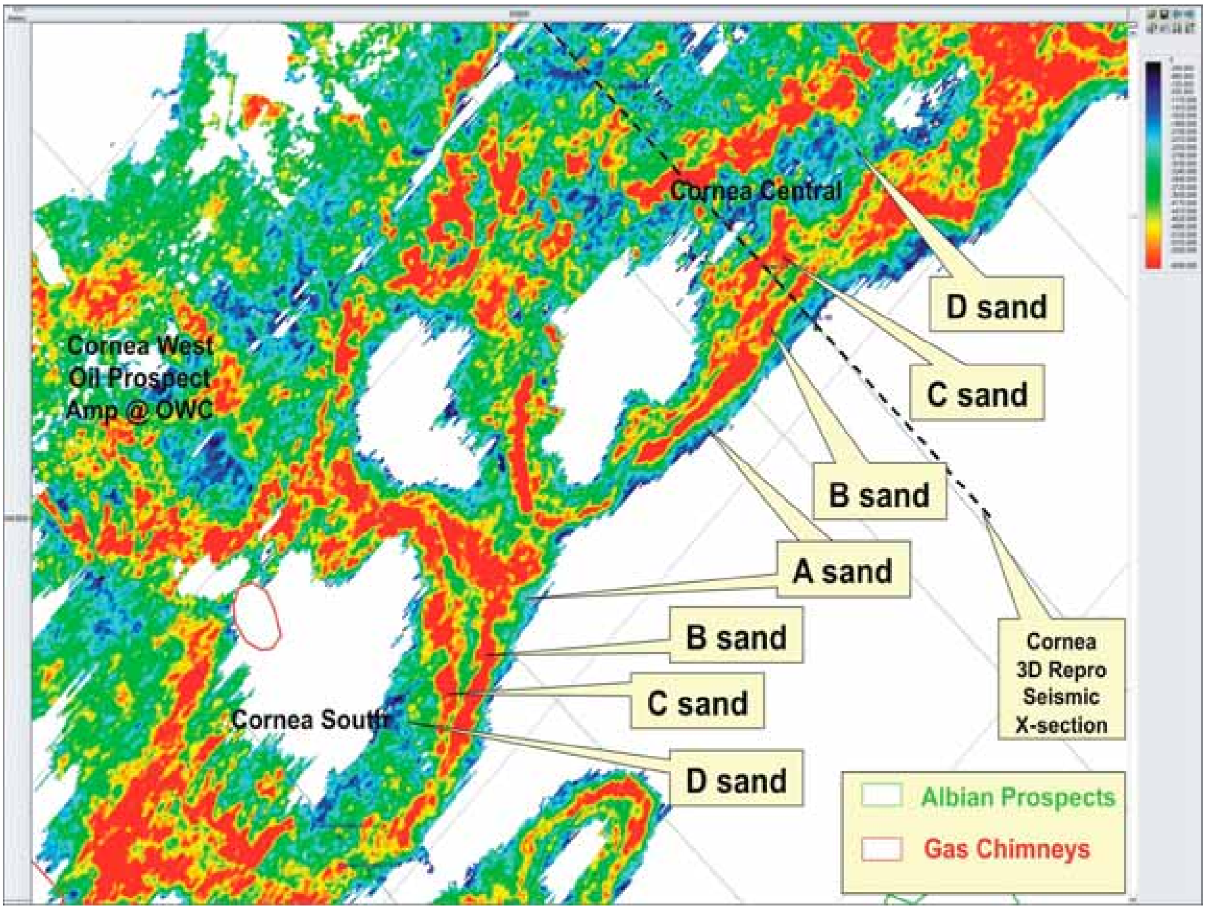
Exoil, through its wholly-owned subsidiary Hawkestone Oil Pty Ltd, holds a 29.75% interest in this permit being explored by the Cornea Joint Venture.

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%
Coldron 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 km² 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 km² 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.



Cornea Prospects – WA-342-P

DIRECTORS' REPORT (Continued)

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.

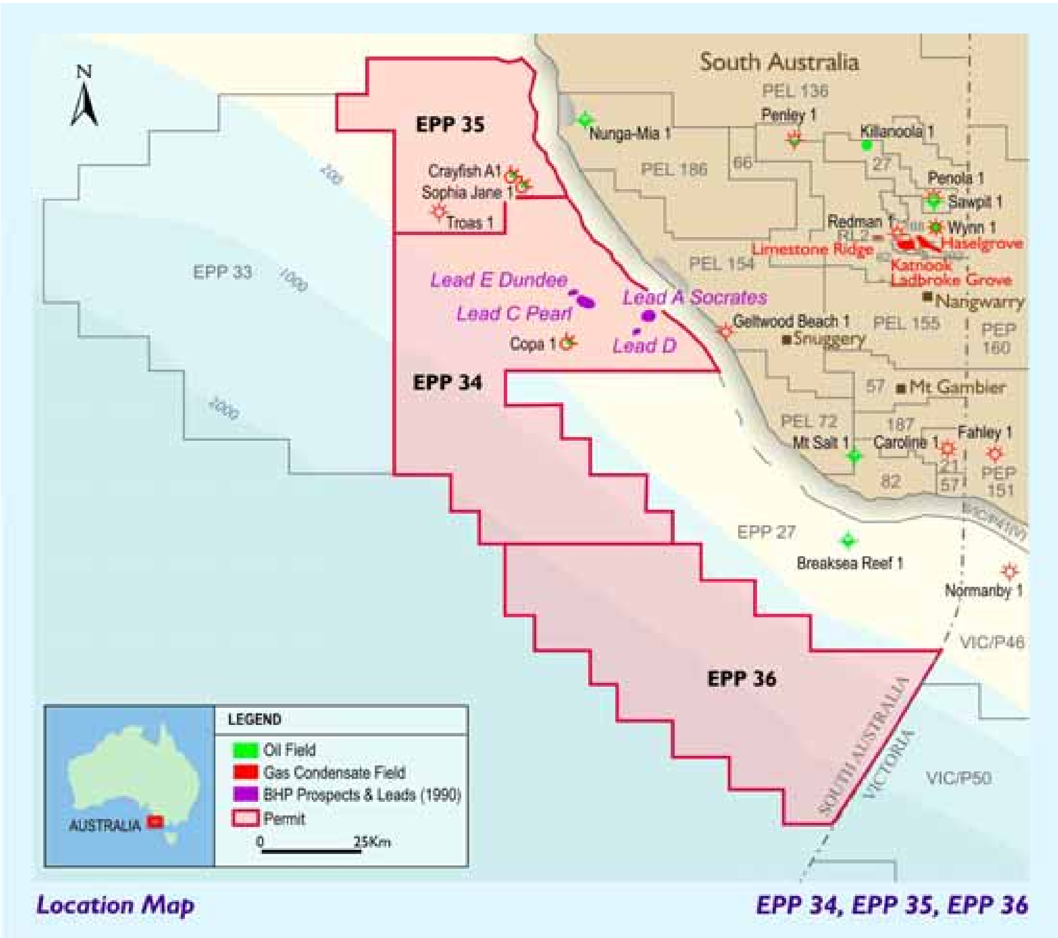
An exploration/appraisal well to determine potential oil produceability is being considered for drilling in early 2010.

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 period under review. 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.



DIRECTORS' REPORT (Continued)

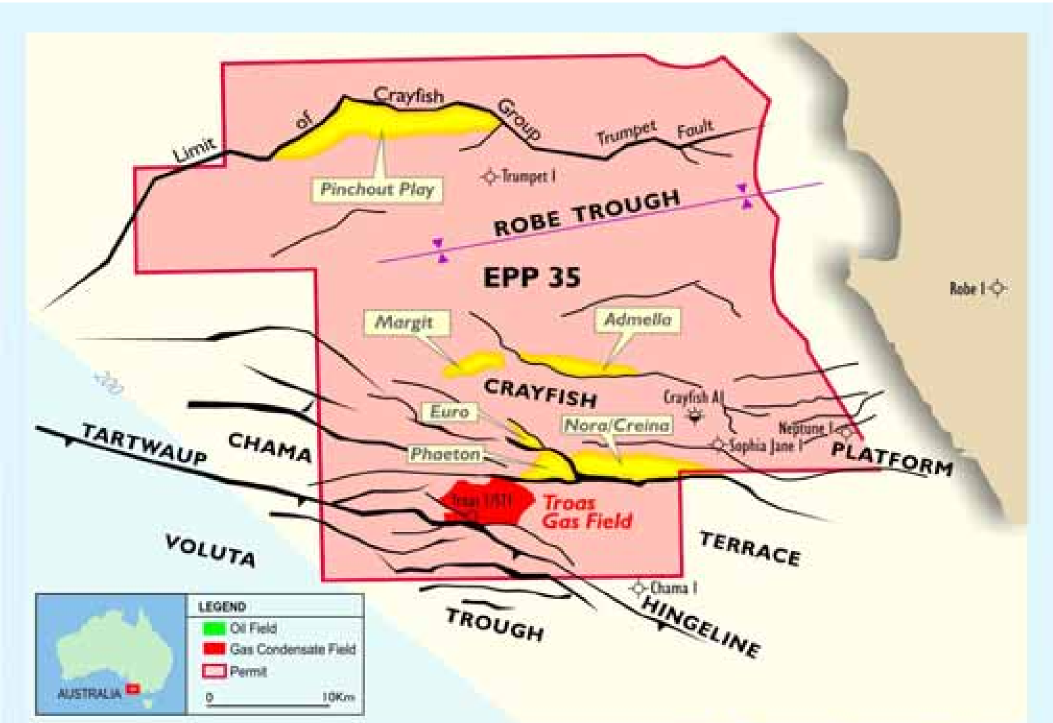
In May 2008, the Trocopa 2D seismic survey was carried out on behalf of the joint venture for the EPP 34 permit and that survey has been the subject of a compliance audit by the Department of the Environment, Water and the Arts ("DEWHA"). Minor incidents of non-compliance with the strict terms of the survey consent document were identified by DEWHA. After discussions with the DEWHA auditors it is not expected that any action will be taken by DEWHA against either the joint venture or the Company as operator of the permit.

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 the 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 km² 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 35 - Structure, Prospects and Leads

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%

DIRECTORS' REPORT (Continued)

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)

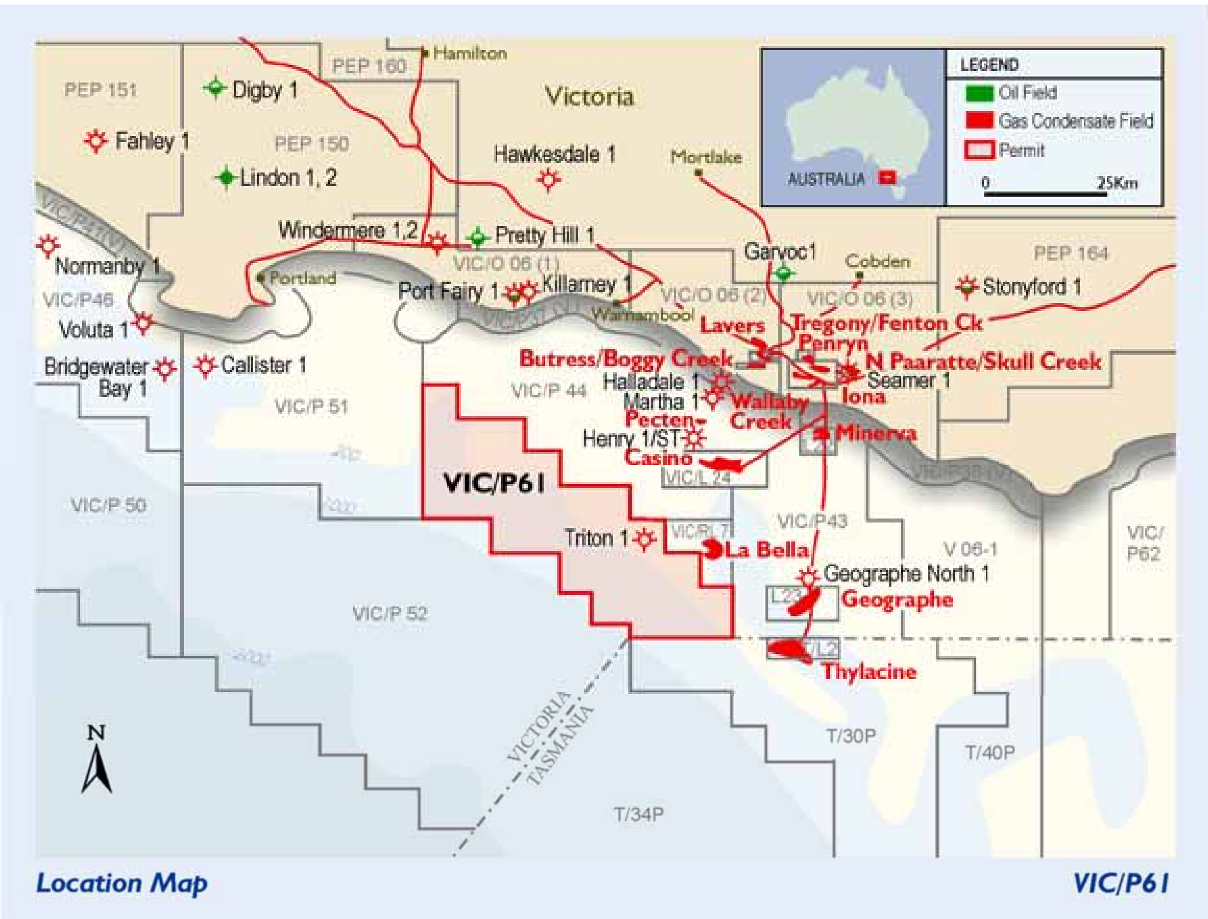
The Vic/P61 Joint Venture consists of:

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 Australia Pty Ltd.

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.



DIRECTORS' REPORT (Continued)

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

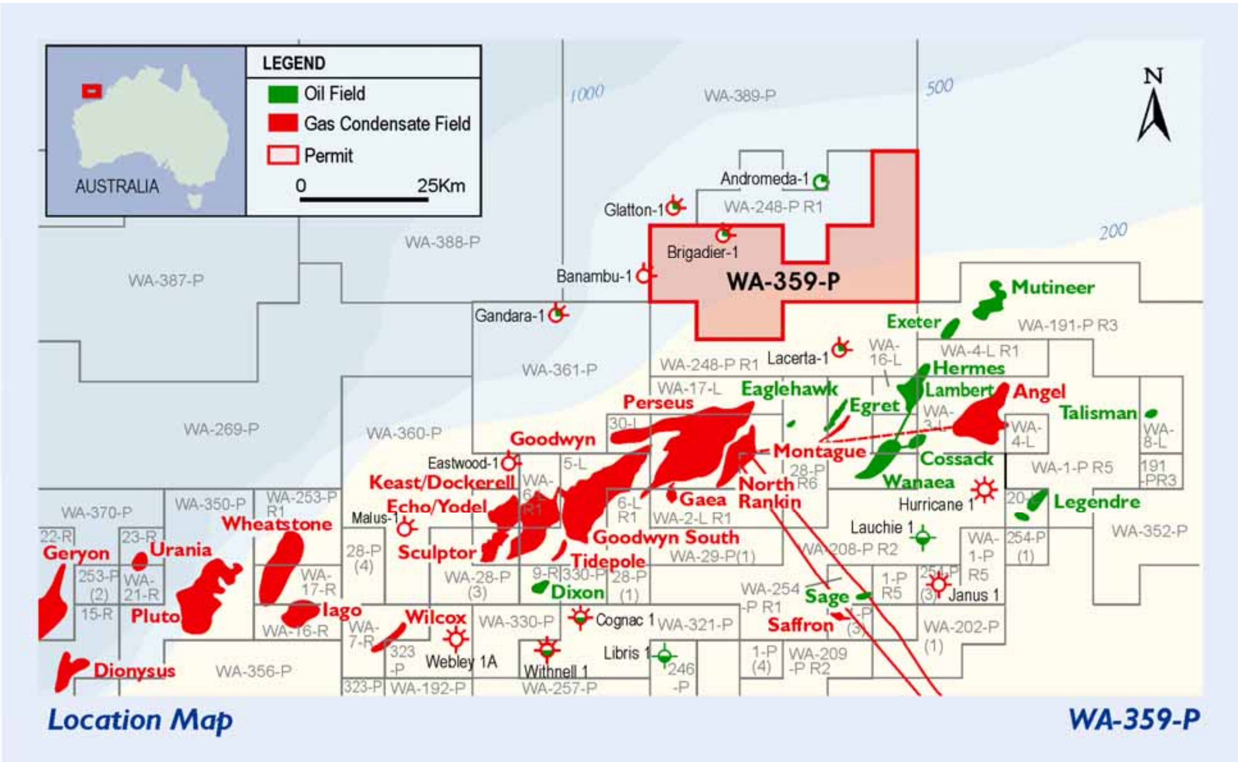
The WA-359-P Joint Venture consists of:

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

WA-359-P, in the Dampier Sub-basin offshore from Western Australia and covers an area of approximately 1,200 kms^2 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 Northern Carnarvon Basin

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT

This remuneration report is audited.

The board of directors is responsible for determining and reviewing compensation arrangements for the directors, the chief executive officer and the company secretary. The board assesses the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive.

Remuneration levels for directors and executives of the company are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structure takes into account:

- the capability and experience of the directors and senior executives.
- the ability of directors and senior executives to control the entity's performance.
- the requirement that directors apply a portion of their remuneration to the purchase of shares in the company at market price, so as to align the interest of directors with that of shareholders.

During the year directors were remunerated a total of $22,500 (2008: $22,500).

There is no performance related remuneration. Remuneration paid to directors covers all board activities including serving on committees. The directors and other company officers do not receive employee benefits such as annual leave and long service leave, but remuneration may include the grant of options over shares of the company to align directors' and other company officers interests with that of the shareholders.

	Year	*Short Term Employment Benefits*			*Post Employment*	*Equity Settled*	*Total*
		Directors Fees	*Other Fees*	*Salary*	*Superannuation and other fees*	*Options at grant*	
		$	*$*	*$*	*$*	*$*	*$*
Directors							
EG Albers	**2009**	**-**	**-**	**-**	**3,750**	**-**	**3,750**
	2008	-	-	-	3,750	-	3,750
PJ Albers	**2009**	**-**	**-**	**-**	**3,750**	**-**	**3,750**
	2008	-	-	-	3,750	-	3,750
JMD Willis	**2009**	**-**	**-**	**-**	**7,500**	**-**	**7,500**
	2008	-	-	-	7,500	-	7,500
GA Menzies	**2009**	**-**	**7,500**	**-**	**-**	**-**	**7,500**
	2008	-	7,500	-	-	-	7,500
Total Directors	**2009**	**-**	**7,500**	**-**	**15,000**		**22,500**
	2008	-	7,500	-	15,000		22,500
Company Secretary							
JG Tuohy	**2009**	**-**	**31,900**[1]	**-**	**-**	**44**	**31,944**
	2008	-	-	-	-	-	-
General Manager							
MA Muzzin	**2009**	**-**	**-**	**-**	**15,000**[2]	**-**	**15,000**
	2008	-	-	-	-	-	-
TOTAL	**2009**	**-**	**39,400**	**-**	**30,000**	**-**	**69,444**
	2008	-	7,500	-	15,000	-	22,500

[1] $31,900 paid in lieu of salary is included (JG Tuohy was appointed as company secretary 27 October 2008 and replaced EG Albers at that date). Of the $31,900 paid in 2009, $12,100 was for Company Secretary services and $19,800 was for general consulting services.

[2] MA Muzzin resigned on 31 December 2008 and was not replaced.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (continued)

Interests in options (exercisable by 31 December 2009 at 15 -20 cents per share)

	Held at 1 July 2008	Granted an compensation	Exercised	Other Changes (1)	Held at 30 June 2009	Vested during the year	Vested and exercisable at 30 June 2009
EG Albers	100,000	-	-	100,000	200,000	40,000	160,000
PJ Albers	100,000	-	-	100,000	200,000	40,000	160,000
JMD Willis	200,000	-	-	200,000	400,000	80,000	320,000
GA Menzies	200,000	-	-	200,000	400,000	80,000	320,000
MA Muzzin(2)	375,000	-	-	(375,000)	-	-	-
JG Tuohy	-	-	-	-	-	-	-
	975,000	-	-	225,000	1,200,000	240,000	960,000

(1) As described under the Share Capital section of the Directors' Report, on 3 September 2008 the numbers of options issued were doubled and option prices halved as part of the share sub-division. There have been no other changes to the number or price of options to the date of this report.

(2) MA Muzzin resigned as general manager 31 December 2008 and was not replaced.

The options granted to directors on 21 February 2005 were valued using the Black-Scholes-Merton model, with the following inputs:

Exercise price:	30-40 cents (price before 30 September 2008 share split)
Share price at grant date:	20 cents
Maximum option life	5 years
Expected volatility	84.05%
Risk free interest rate	5.1%

Expected volatility was based on the average volatility of a peer group of five companies within the oil and gas exploration industry. The implied volatility of the companies was in the range of 68% to 125%. The fair value of this share based payment at grant date was $121,533. This amount had vested and been expensed in prior financial years.

Interests in options (exercisable by 31 December 2009 at 20 cents per share)

	Held at 1 July 2008	Granted as compensation	Exercised	Other Changes (1)	Held at 30 June 2009	Vested during the year	Vested and exercisable at 30 June 2009
JG Tuohy	-	600,000	-	-	600,000	600,000	600,000

The options granted to JG Tuohy on 31 March 2009 were valued using the Black-Scholes-Merton model, with the following inputs:

Exercise price:	20 cents
Share price at grant date:	4 cents
Maximum option life	0.8 years
Expected volatility	75%
Risk free interest rate	2.7%

Expected volatility was based on the average volatility of a peer group of eleven companies within the oil and gas exploration industry. The implied volatility of the companies was in the range of 31% to 122%. The fair value of this share based payment at grant date was $44.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (continued)

Options held as at 30 June 2008 were:

Interests in options (exercisable by 31 December 2009 at 30-40 cents per share)

	Held at 1 July 2007	Granted as compensation	Exercised	Other Changes	Held at 30 June 2008	Vested during the year	Vested and exercisable at 30 June 2008
EG Albers	100,000	-	-	-	100,000	-	100,000
PJ Albers	100,000	-	-	-	100,000	-	100,000
JMD Willis	200,000	-	-	-	200,000	-	200,000
GA Menzies	200,000	-	-	-	200,000	-	200,000
MA Muzzin	375,000	-	-	-	375,000	-	375,000
	975,000	-	-	-	975,000	-	975,000

SERVICE CONTRACTS

There are no service contracts in place or proposed with any of the directors of the company as at the signing of this report.

End of Remuneration Report.

ENVIRONMENT, HEALTH AND SAFETY

The Company has adopted an environmental, health and safety policy and conducts its operations in accordance with the APPEA Code of Practice.

The Company's petroleum exploration and development activities are subject to environmental conditions specified in the Offshore Petroleum Act (2006), associated Regulations and Directions, as well as the Environment Protection and Biodiversity Conservation Act (1999). During the year there were no known contraventions by the Company of any relevant environmental regulations.

CORPORATE GOVERNANCE

The ASX Corporate Governance Council has issued "Corporate Governance Principles and Recommendations" (the CGC Paper) requiring ASX listed companies to report their corporate governance practices against those principles and recommendations.

The board has elected that the company adopt those principles and recommendations set out in the CGC Paper, appropriate to a company of the size and stage of development of Exoil.

DIVIDENDS

No dividends have been paid, provided or recommended for payment by the Company during the year and to the date of this report.

SHARE CAPITAL
Issue of Ordinary Shares
No shares have been issued by the Company during the year ended 30 June 2009.

At a general meeting of shareholders held on 3 September 2008 an ordinary resolution was passed subdividing the fully paid issued ordinary shares in the company into two ordinary shares each credited as fully paid up ordinary shares with the effect that issued capital of the company comprises 101,550,526 ordinary fully paid shares at the date of this report.

DIRECTORS' REPORT (Continued)

SHARE OPTIONS - UNLISTED

As detailed in the remuneration report, 600,000 options we granted to JG Tuohy. As per above, and as described under the Share Capital section of the Directors' Report, on 3 September 2008 the numbers of options issued were doubled and option prices halved as part of the share sub-division. There have been no other changes to the number or price of options to the date of this report.

Unissued shares under option - unlisted
At the date of this report unissued ordinary shares of the Company under options were:

Expiry date	Exercise price	Number of options
31 December 2009	$0.15	2,350,000
31 December 2009	$0.20	1,950,000
		4,300,000

These options do not entitle the holder to participate in any share issue of the company or any other body corporate and expire on the earlier of their expiry date, if the holder ceases to be an "Eligible Person", or six months (or such longer period as the Directors may determine) from when the holder ceases to be an Eligible Person due to retrenchment or normal retirement from the workforce. An Eligible Person is defined as executive officers of Exoil Limited including employees, directors, secretaries and seconded personnel who take part in the management of Exoil Limited.

SUBSEQUENT EVENTS

There are no significant events subsequent to balance date and to the signing of this report except that Gascorp Australia Pty Ltd has stated on 4 September 2009 that all relevant option agreements relating to farmins, as disclosed in the notes to the financial statements of this report, have been allowed to lapse.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION AND NON-AUDIT SERVICES

The auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is attached to this report.

During the year no amounts were paid to the auditors for non-audit services.

Signed in accordance with a resolution of the Directors.

J.M.D. Willis
Director

Melbourne, 10 September 2009

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2009 and of its performance for the year ended on that date.

2. In the directors' opinion, there are reasonable grounds to believe that the company and the consolidated entity will be able to pay its debts as and when they become due and payable.

3. The remuneration disclosures included in pages 14 to 16 of the directors' report, (as part of audited Remuneration Report), for the year ended 30 June 2009, comply with section 300A of the Corporations Act 2001.

4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

J.M.D. Willis
Director

Melbourne, 10 September 2009

INCOME STATEMENT
YEAR ENDED 30 JUNE 2009

	NOTE	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Revenue	2	645,746	312,518	645,525	311,583
Finance costs		-	(25,563)	-	(24,349)
Depreciation expense		(13,427)	(13,645)	(13,427)	(13,645)
Other expenses	3	(2,476,221)	(426,240)	(2,476,221)	(426,240)
Loss before tax		(1,843,902)	(152,930)	(1,844,123)	(152,651)
Income tax benefit	5	527,214	91,634	527,214	91,634
Loss after tax		(1,316,688)	(61,296)	(1,316,909)	(61,017)
Basic loss per share (cent per share)	23	(0.0130)	(0.0006)		
Diluted loss per share (cent per share)	23	(0.0130)	(0.0006)		

The Income Statement is to be read in conjunction with the Notes to the Financial Statements

BALANCE SHEET
AT 30 JUNE 2009

	NOTE	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
CURRENT ASSETS					
Cash and cash equivalents	22	548,415	970,987	537,134	974,743
Trade and other receivables	6	97,430	299,381	89,760	289,140
TOTAL CURRENT ASSETS		645,845	1,270,368	626,894	1,263,883
NON-CURRENT ASSETS					
Exploration and evaluation assets	7	2,274,926	3,732,656	1,159,569	2,852,385
Property, plant and equipment	8	66,624	78,033	66,624	78,033
Other financial assets	9	70	25,067	1,334,296	1,069,293
TOTAL NON-CURRENT ASSETS		2,341,620	3,835,756	2,560,489	3,999,711
TOTAL ASSETS		2,987,465	5,106,124	3,187,383	5,263,594
CURRENT LIABILITIES					
Trade and other payables	10	253,676	528,433	213,918	494,506
TOTAL CURRENT LIABILITIES		253,676	528,433	213,918	494,506
NON-CURRENT LIABILITIES					
Other payables	10	-	-	48,500	-
Deferred tax liabilities	11	46,647	573,861	46,647	573,861
TOTAL NON-CURRENT LIABILITIES		46,647	573,681	95,147	573,861
TOTAL LIABILITIES		300,323	1,102,294	309,065	1,068,367
NET ASSETS		2,687,142	4,003,830	2,878,318	4,195,227
EQUITY					
Contributed equity	12	2,959,055	2,959,055	2,959,055	2,959,055
Reserves	13	81,277	81,277	81,277	81,277
(Accumulated losses) / retained earnings		(353,190)	963,498	(162,014)	1,154,895
TOTAL EQUITY		2,687,142	4,003,830	2,878,318	4,195,227

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2009

	Issued Capital $	Option Reserves $	Accumulated Losses $	Total Equity $
CONSOLIDATED				
At 1 July 2008	2,959,055	81,277	963,498	4,003,830
Loss for the period	-	-	(1,316,688)	(1,316,688)
At 30 June 2009	2,959,055	81,277	(353,190)	2,687,142
At 1 July 2007	2,959,055	81,277	1,024,794	4,065,126
Loss for the period	-	-	(61,296)	(61,296)
At 30 June 2008	2,959,055	81,277	963,498	4,003,830
COMPANY				
At 1 July 2008	2,959,055	81,277	1,154,895	4,195,227
Loss for the period	-	-	(1,316,909)	(1,316,909)
At 30 June 2009	2,959,055	81,277	(162,014)	2,878,318
At 1 July 2007	2,959,055	81,277	1,215,912	4,256,244
Loss for the period	-	-	(61,017)	(61,017)
At 30 June 2008	2,959,055	81,277	1,154,895	4,195,227

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements

CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 2009

	NOTE	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		11,932	80,152	11,711	79,215
Administration fee received		173,851	219,759	173,851	219,759
Proceeds from tenement farmouts		-	2,108,133	-	2,108,133
Proceeds from sale of tenement information		540,000	-	540,000	-
Payments to suppliers of exploration services		(538,638)	(774,386)	(311,954)	(356,733)
Payments to other suppliers and employees		(607,699)	(349,982)	(607,699)	(349,983)
Tax paid		-	(90,040)	-	-
Interest paid		-	(29,687)	-	(28,470)
Net cash (used in) provided by operating activities	(i)	(420,554)	1,163,949	(194,091)	1,671,921
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for office & computer equipment		(2,018)	(69,715)	(2,018)	(69,715)
Proceeds from sale of investments		-	7,500	-	7,500
Net cash used in investing activities		(2,018)	(62,215)	(2,018)	(62,215)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments to related entities			(244,491)	(241,500)	(244,491)
Payments on behalf of subsidiary		-	-		(468,131)
Net cash used in financing activities		-	(244,491)	(241,500)	(712,622)
Net (decrease) increase in cash assets		(422,572)	857,243	(437,609)	897,084
Cash and cash equivalents at beginning of period		970,987	113,744	974,743	77,659
CASH AND CASH EQUIVALENTS AT END OF PERIOD		548,415	970,987	537,134	974,743

(i) RECONCILIATION OF NET CASH FROM OPERATING ACTIVITIES WITH LOSS AFTER INCOME TAX

	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Loss after income tax	(1,316,688)	(61,296)	(1,316,909)	(61,017)
Adjusted for non cash items:				
Depreciation of plant and equipment	13,427	13,645	13,427	13,645
Net movement in value of investments	24,997	59,224	24,997	59,224
Impairment of exploration assets	1,843,524	-	1,843,524	-
Loss on scrapping of assets	-	4,427	-	4,427
Changes in assets and liabilities:				
Decrease (increase) in receivables	201,952	(193,782)	199,380	(190,442)
Decrease in tax liabilities	(527,214)	(181,674)	(527,214)	(91,634)
(Decrease) increase in payables	(274,758)	153,593	(280,588)	183,075
(Increase) decrease in exploration expenditure	(385,794)	1,369,812	(150,708)	1,754,643
Net Cash (used in) provided by Operating Activities	(420,554)	1,163,949	(194,091)	1,671,921

The Cash Flow Statement is to be read in conjunction with the Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Exoil Limited is a public company incorporated and domiciled in Australia with its registered office and principal place of business located at level 21, 500 Collins Street, Melbourne, Victoria 3000. The consolidated financial report of the company for the year ended 30 June 2009 comprise the company and its 100% owned subsidiaries, Hawkestone Oil Pty Ltd and Braveheart Resources Pty Ltd (together referred to as the 'consolidated entity'). Subsidiary companies are domiciled and incorporated in Australia.

The principal activity of the consolidated entity during the year was to acquire and explore areas prospective for oil in offshore waters within the jurisdiction of Australia.

The financial report was authorised by the directors for issue on 10 September 2009.

(a) Statement of compliance
The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The company and consolidated financial statements and notes comply with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation
The financial report is presented in Australian dollars and has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 1(p).

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

(c) Going concern
For the year ended 30 June 2009 the company and consolidated entity incurred a loss after tax of $1,316,909 and $1,316,688 respectively. The company had a negative cash flow from operating activities of $194,091 and the consolidated entity had a negative cashflow from operating activities of $420,554. Furthermore, the company's and consolidated entity's only regular source of income is charge-outs for office expenditure to director-related entities. They are reliant on equity capital and/or loans from third parties or the proceeds of either partial sale or farm-out of their permit interests to meet their operating costs. These conditions indicate a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns.

The ability of the company and the consolidated entity to continue as going concerns is dependent upon a number of factors, one being the continuation and availability of funds. At balance date the company and consolidated entity has positive working capital of $412,976 and $392,169 respectively. The company and the consolidated entity are expecting to fund ongoing obligations beyond this working capital position as follows:

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Going concern (continued)

- The company is considering raising additional funds through the issue of ordinary shares by issue of a prospectus. Any such issue is likely to be made in support of an application to list the company on the Australian Securities Exchange;

- Expenditure commitments include obligations arising from farm-in arrangements, and minimum work obligations arising for the initial three year period of exploration permits and thereafter annually. Minimum work obligations, may, subject to negotiation and approval, be varied and/or satisfied by farmout, sale, relinquishment or surrender of a permit. Financial commitments for contracted drilling, as distinct from work program obligations, are separately disclosed in Note 14 of the Financial Statements. The estimated financial commitment in the next twelve months from a drilling contract signed by the company, as part of its joint venture obligation under the Braveheart Joint Venture, is $4,567,500. Should the well not be drilled and the permit relinquished it is estimated the commitment will be reduced to $2,750,500. Should capital raising activities proposed above not raise sufficient funds to meet the financial commitments or should capital raising not be considered to be viable, or in the best interests of shareholders, then it would be the consolidated entity's intention to fund ongoing obligations by either partial sale of its permit interests or farm-out, the latter course of action being part of its overall strategy.

Cash flow forecasts prepared by management demonstrate that the company and the consolidated entity have sufficient cash flows to meet their commitments over the next twelve months based on the above factors, and for that reason the financial statements have been prepared on the basis that the company and consolidated entity are going concerns, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

Should the company and consolidated entity be unable to continue as going concerns, they may be required to realise their assets and extinguish their liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

(d) Principles of consolidation
The consolidated financial statements have been prepared by Exoil in accordance with paragraph Aus 9.1 of AASB 127, Consolidated and Separate Financial Statements.

(i) Subsidiaries
Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are carried at their cost of acquisition in the company's financial statements.

(ii) Jointly controlled operations and assets
The interest of the company and of the consolidated entity in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in the financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

(iii) Transactions eliminated on consolidation
Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Taxes

Income Tax
Income taxes are accounted for using the comprehensive balance sheet liability method whereby:
- The tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- Current and deferred tax is recognised as income or expense except to the extent that the tax related to equity items or to a business combination;
- A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the assets; and
- Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period where the asset is realised or the liability settled.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(f) Receivables
Trade and other receivables are stated at their amortised cost less impairment losses.

(g) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and at call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(h) Payables
Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 60-day terms. Advances fully repaid during 2008 to director-related parties, Great Missenden Holdings Pty Ltd, National Gas Australia Pty Ltd and Cue Energy Resources Limited incurred interest at a rate of 1% per month.

(i) Property, plant and equipment
Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each class of property, plant and equipment. The estimated useful lives in the current and comparative year are as follows:

• Computer equipment	4 years
• Office equipment	4 - 20 years
• Leasehold improvements	10 years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Investments
Financial instruments classified as held for trading are measured at fair value through the profit or loss. All resultant gain or loss is recognised in the current year's profit or loss.

The fair value of financial instruments is their quoted price at the balance date.

(k) Share Capital
Ordinary share capital is recognised at the fair value of the consideration received by the company. Transactions costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the consideration received, net of any income tax benefit.

(l) Impairment
The carrying amounts of the consolidated entity's assets, other than deferred tax are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount.

Calculation of recoverable amount
Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other groups or assets, in which case, the recoverable amount is determined for the class of assets to which the asset belongs.

Reversals of impairment
Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Exploration costs
Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis.

Exploration and evaluation costs are only recognised if the rights of the area of interest are current and either:
(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation costs are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

(n) Restoration, rehabilitation and environment expenditure
Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are provided for as part of the cost of those activities. Costs are estimated on the basis of current legal requirements, anticipated technology and future costs that have been discounted to their present value. Estimates of future costs are reassessed at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue
Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of interest in exploration permits and held for trading investments
Revenue from sale of interest in exploration permits and held for trading investments is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when the exploration permit title or the investment instrument have been delivered to the customer.

Interest
Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(p) Accounting estimates and judgements
Management determine the development, selection and disclosure of the company's critical accounting policies and estimates and the application of these policies and estimates. There are no estimates and judgements that are considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

There is, however, a risk that actual expenditure to achieve minimum work obligations could differ from estimates disclosed in the notes to the financial statements (see Note 14). The estimated amounts represent the higher end of possible future expenditure. Work requirements achieved by farm-ins materially reduce the level of expenditure incurred by the company to comply with work program commitments.

Per Note 1(l) and 1(m) management exercise judgement as to the recoverability of exploration expenditure. Any judgment may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through the income statement.

(q) Fair value
Fair values for financial instruments traded in active markets are based on quoted market prices at balance sheet date. The quoted market price for financial assets is the current bid price and/or the quoted market price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at balance date. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments

(r) Share-based payment transactions

The company provides benefits to executive, non-executive directors of the company and eligible persons in the form of share-based payment transactions, whereby officers and eligible persons render services in exchange for shares or rights over shares ('equity-settled transactions').

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Share-based payment transactions (continued)

Arrangements that provide these benefits:

(i) the Senior Executives and Officers Option Plan, which provides benefits to directors and senior executives, and
(ii) the contractual arrangements with individual employees, consultants and senior executives.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. A valuation model is used to determine the fair value of equities with no active market.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the company ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects
(i) the extent to which the vesting period has expired; and
(ii) the number of awards that, in the opinion of the directors of the company, will ultimately vest.

This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, an expense is recognised as if the terms had not been modified. In addition, the company recognises the effect of modifications that increase the total fair value of the share-based payment arrangement as an increased expense.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(s) Earnings per Share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to members of Exoil by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share
Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Accounting standards issued not yet effective
The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 30 June 2009. They have not been adopted in preparing the financial report for the year ended 30 June 2009 and are expected to impact the consolidated entity in the period of initial application.

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 127 (reissued March 2008)	Consolidated and Separate Financial Statements	The revised standard clarifies that changes in ownership interest which result in control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debit balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale.	Periods commencing on or after 1 July 2009	As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Accounting standards issued not yet effective (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 2008-3 (issued March 2008)	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 116, AASB 121, AASB 128, AASB 131, AASB 132, AASB 133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 139, Interpretation 9 and Interpretation 107]	Makes consequential amendments to 20 standards and 2 interpretations arising from the reissue of AASB 3 and AASB 127, including to AASB 128: Investments in Associates and to AASB 131: Interests in Joint Ventures.	Periods commencing on or after 1 July 2009	As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted. There will also be a number of additional/amended disclosures.
AASB 2008-5 (issued July 2008) AASB 2008-6	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 and 1038]	Accounting changes for presentation, recognition and measurement, as well as terminology and editorial changes.	Periods commencing on or after 1 January 2009	Only changes to AASB 101, AASB 128 and AASB 136 are likely to impact this entity. AASB 101 Initial adoption of this amendment will have no impact on the entity as the entity does not enter into any long term derivative relationships. AASB 128 There will be no financial impact when these amendments are first adopted because these amendments relate to additional disclosure requirements only. AASB 136 There will be no financial impact when these amendments are first adopted because these amendments relate to additional disclosure requirements only.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Accounting standards issued not yet effective (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 2008-7 (issued July 2008)	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 and AASB 136]	Removal of the definition of the “cost method” in AASB 127, meaning that pre and post-acquisition dividends no longer need to be differentiated and all dividends are to be recognised as revenue. However, whenever a dividend is received from a subsidiary, associate or jointly controlled entity, an impairment test will be required under AASB 136 where there is an indicator for impairment, i.e. where: (1) the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the net assets (including goodwill) of the investee in the consolidated financial statements; or (2) the dividend exceeds the total comprehensive income of the subsidiary, associate or jointly controlled entity in the period that the dividend is declared.	Periods commencing on or after 1 January 2009	There will be no impact as these requirements are only required to be applied prospectively for periods commencing on or after 1 January 2009. However, any pre-acquisition dividends received after this date may result in additional impairment charges on investments in subsidiaries, associates and jointly controlled entities. This is because such amounts would previously have been written off directly against the cost of the investment, whereas in future they will be recognised as revenue which may result in the investment being stated at an amount exceeding recoverable amount.
AASB 101 (Revised Sept 2008) AASB 2008-8 AASB 2008-10	Presentation of Financial Statements	Amendments to presentation and naming of the financial statements.	Periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Accounting standards issued not yet effective (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 3 (reissued March 2008)	Business Combinations	Released as part of long term international convergence project between IASB and FASB. The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to be expensed instead of being recognised as part of goodwill.	Business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later	As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted. However, due to the nature of some of the changes in the revised standard, business combinations that the entity undertakes after this date may in future impact negatively on the results of the entity. For example, acquisition costs will have to be expensed instead of being recognised as part of goodwill. Specific changes in respect of step acquisitions and sell downs may introduce situations whereby adopting the revised standard may improve profitability. Also, deferred tax assets that do not satisfy recognition criteria when a business combination is initially accounted for, but do subsequently qualify for recognition post acquisition date, will be recognised as a credit to the income statement and there will be no consequential write-down of goodwill for a similar amount, provided that the deferred tax assets are recognised outside the initial measurement period of 12 months from acquisition date.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Accounting standards issued not yet effective (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 2009-2 (Issued April 2009)	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments	Requires additional disclosures about financial instrument fair values and liquidity risk.	Periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, various additional disclosures will be required about fair values of financial instruments and the entity's liquidity risk. No comparative disclosures are required in the first year that these amendments are applied.
IAS 1	Presentation of Financial Statements	Clarifies that terms of a liability that could, at the option of the counterparty, result in the liability being settled by the issue of equity instruments, do not affect its classification. This means that unless the terms of such liabilities require a transfer of cash or other assets within 12 months, they do not necessarily have to be classified as current liabilities.	Periods commencing on or after 1 January 2010	Initial adoption of this amendment will have no impact as the entity does not have any current liabilities where the counterparty has the option to have the liabilities settled by the issue of equity instruments.
AASB 107	Cash Flow Statements	Clarifies that only expenditures that result in a recognised asset in the balance sheet are eligible for classification as cash flows from investing activities.	Periods commencing on or after 1 January 2010	Initial adoption of this amendment will have no impact as the entity only recognises cash flows from investing activities for expenditures that result in a recognised asset in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Accounting standards issued not yet effective (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 136	Impairment of Assets	Clarifies that CGUs to which goodwill is allocated cannot be larger than an operating segment as defined in IFRS 8 Operating Segments before aggregation.	Periods commencing on or after 1 January 2010	There will be no impact as these requirements are only required to be applied prospectively to goodwill impairment calculations for periods commencing on or after 1 January 2010.
AASB 123 (revised Jun 2007)	Borrowing Costs	To the extent that borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, the option of recognising borrowing costs immediately as an expense has been removed. Consequently all borrowing costs for qualifying assets will have to be capitalised.	Periods commencing on or after 1 January 2009	The transitional provisions of this standard only require capitalisation of borrowing costs on qualifying assets where commencement date for capitalisation is on or after 1 January 2009. As such, there will be no impact on prior period financial statements when this standard is adopted.
AASB 2008-1 (issued February 2008)	Amendments to AASB 2 – Share-based Payments – Vesting Conditions and Cancellations	The definition of vesting conditions has changed and the accounting treatment clarified for cancellations to share-based payment arrangements by the counterparty. This is to ensure that conditions other than performance conditions do not result in a 'true up' of the share-based payment expense and are treated in a manner similar to market conditions.	Periods commencing on or after 1 January 2009	To date the entity has not issued any options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time.

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NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

	NOTE	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
NOTE 2 REVENUE					
Interest income		11,932	80,152	11,711	79,217
Recovery of administration costs	17	173,851	219,759	173,851	219,759
Profit on sale of tenement information	17	459,963	-	459,963	-
Exchange gain		-	12,607		12,607
		645,746	312,518	645,525	311,583
NOTE 3 OTHER EXPENSES					
Audit fees	4	41,000	33,000	41,000	33,000
Consulting fees		146,468	34,176	146,468	34,176
Directors fees	16	22,500	22,500	22,500	22,500
Legal Fees	17	25,000	-	25,000	-
Management fees		96,348	66,098	96,348	66,098
Office costs		94,895	64,204	94,895	64,204
Other expenses		12,988	13,407	12,988	13,407
Rent		168,501	133,631	168,501	133,631
Impairment of investments		24,997	59,224	24,997	59,224
Impairment of exploration assets	7	1,843,524	-	1,843,524	-
		2,476,221	426,240	2,476,221	426,240
NOTE 4 AUDITOR'S REMUNERATION					
Fees for audit of the financial statements (i)		41,000	33,000	41,000	33,000
Fees for tax compliance		-	2,000	-	2,000
		41,000	35,000	41,000	35,000

(i) Audit fees of $20,000 have been included for the year ended at 30 June 2008 for a one-off audit performed for the ten month period ended 30 April 2008.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

	NOTE	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $

NOTE 5 INCOME TAX

Components of income tax benefit

	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Current tax expense				
Current period	-	-	-	-
Deferred tax expense				
Origination and reversal of temporary differences	527,214	91,634	527,214	91,634
Total income tax benefit	527,214	91,634	527,214	91,634
Loss before tax	(1,843,902)	(152,930)	(1,844,123)	(152,651)
Income tax benefit using statutory income tax rate of 30% (2008: 30%)	553,171	45,879	553,237	45,795
Tax effect of:				
Non deductible items	(591,394)	(32)	(591,394)	(32)
Reversal of deferred tax liability on impairment of cost capitalised	567,068	-	567,068	-
Non assessable items	(1,697)	3,782	(1,697)	3,782
Prospectus costs		780	-	780
Tax losses recognised of prior periods		41,309	-	41,309
Deferred tax asset brought to account	66	-	-	-
Deferred tax asset not brought to account	-	(84)	-	-
Income tax benefit	527,214	91,634	527,214	91,634

Estimated potential future income tax benefit arising from tax losses and temporary differences calculated at a rate of 30% not brought to account at balance date as realisation of the benefit is not probable.

	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Tax revenue losses carried forward	386,885	316,425	-	-
Less: Deferred tax liability not brought to account for exploration costs capitalised	(334,607)	(264,081)	-	-
Tax capital losses carried forward	360,000	360,000	-	-
	412,278	412,344	-	-

The group has resolved to notify the Australian Taxation Office that it intends to form an income tax consolidated group to apply from 1 July 2008. The tax consolidated group intends to enter into a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

	NOTE	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
NOTE 6 TRADE AND OTHER RECEIVABLES					
CURRENT					
Receivables from director related entities	17	53,640	59,500	53,640	59,500
Other receivables		43,790	239,881	36,120	229,640
		97,430	299,381	89,760	289,140

The carrying amount of all receivables is equal to their fair value as they are short term. None of the receivables are impaired or past due. The maximum credit risk for the company is the gross value of all receivables. All receivables are non-interest bearing.

NOTE 7 EXPLORATION AND EVALUATION ASSETS

	NOTE	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Exploration costs capitalised at beginning of period		3,732,656	5,102,468	2,852,385	4,607,028
Costs for the period		465,830	738,521	230,744	353,690
Impairment of exploration assets		(1,843,524)	-	(1,843,524)	-
Recoupment of costs from sale of information (1)		(80,036)	-	(80,036)	-
Recoupment of costs from farmin (2) & (3)		-	(2,108,333)	-	(2,108,333)
Exploration costs capitalised at end of period	15	2,274,926	3,732,656	1,159,569	2,852,385

(1) On the 23 March 2009 $540,000 was received from Gascorp Australia Pty Ltd, a director-related entity of EG Albers, JMD Willis and GA Menzies, per the VIC P/45 Sale of Information agreement. Costs of $80,036 were recouped from this sale (Note 17).

(2) On the 3 December 2007 $2,000,000 was received from Stuart Petroleum Limited per the VIC P/53 Grant of Option and Farm-in agreements for the recoupment of exploration costs previously capitalised.

(3) On the 3 April 2008 $108,333 was received from MEO Australia Limited per the WA-359-P Farm-in agreement for the recoupment of exploration costs previously capitalised.

Ultimate recovery of exploration costs carried forward is dependent upon exploration success and/or the company maintaining appropriate funding to support continued exploration activities.

Impairment
The impairment loss recognised in the year ended 30 June 2009 relates to components of permits Vic/P53, Vic/P61 and EPP 36. The impairment loss was determined by analysing the costs with respect to each permit, that were capitalised during the half year and in previous periods, to identify any of these costs that relate to previously identified prospects the company now considers to be less commercially feasible then previously determined.

NOTE 8 PROPERTY, PLANT & EQUIPMENT

	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Office Equipment				
At cost	22,634	20,616	22,634	20,616
Accumulated depreciation	(7,880)	(5,542)	(7,880)	(5,542)
	14,754	15,074	14,754	15,074

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 8 PROPERTY, PLANT & EQUIPMENT (Continued)

	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Computer Equipment				
At cost	31,268	31,268	31,268	31,268
Accumulated depreciation	(21,260)	(16,224)	(21,260)	(16,224)
	10,008	15,044	10,008	15,044
Leasehold Improvement				
At cost	51,465	51,465	51,465	51,465
Accumulated depreciation	(9,603)	(3,550)	(9,603)	(3,550)
	41,862	47,915	41,862	47,915
Total property, plant and equipment	66,624	78,033	66,624	78,033
Reconciliations of each class of property, plant & equipment is set out below:				
Office Equipment				
Balance at beginning of period	15,074	15,465	15,074	15,465
Additions	2,018	1,664	2,018	1,664
Depreciation	(2,338)	(2,055)	(2,338)	(2,055)
Balance at end of period	14,754	15,074	14,754	15,074
Computer Equipment				
-Balance at beginning of period	15,044	10,925	15,044	10,925
-Additions	-	16,586	-	16,586
-Write offs	-	(4,427)	-	(4,427)
-Depreciation	(5,036)	(8,040)	(5,036)	(8,040)
-Balance at end of period	10,008	15,044	10,008	15,044
Leasehold Improvement				
-Balance at beginning of period	47,915	-	47,915	-
-Additions	-	51,465	-	51,465
-Depreciation	(6,053)	(3,550)	(6,053)	(3,550)
-Balance at end of period	41,862	47,915	41,862	47,915

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 9 OTHER FINANCIAL ASSETS

	NOTE	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Investments in controlled entities[1]					
Unlisted shares at cost		-	-	236,250	226,250
Amounts advanced to subsidiaries		-	-	1,097,976	817,976
		-	-	1,334,226	1,044,226
Investment held for trading at fair value through the profit or loss					
Listed equities at cost		112,506	112,506	112,506	112,506
Impairment in value		(112,436)	(87,439)	(112,436)	(87,439)
		70	25,067	70	25,067
Total other financial assets		70	25,067	1,334,296	1,069,293
Listed shares comprise:					
Rocky Mountain Minerals, Inc[2,3]		-	24,933	-	24,933
Other		70	134	70	134
		70	25,067	70	26,067

[1] *Exoil Limited has provided management services to its 100% wholly owned subsidiaries, Hawkestone Oil Pty Ltd ("Hawkestone") and Braveheart Resources Pty Ltd ("Braveheart"), and advanced funds to Hawkestone and Braveheart to finance their exploration activities. Exoil Limited has also provided investment capital to subsidiary companies. These investments and advances form part of investments in controlled entities. The investments in controlled entities are carried at original cost. Hawkestone and Braveheart hold an interest in the Browse Joint Venture permits (Note 15). During 2006 the Browse Joint Venture sold 100% of its interest in the WA-341-P permit. Hawkestone's share of proceeds from the sale was $2,936,186. At balance date the carrying value of Hawkestone's interest in the Browse Joint Venture permits was $296,548 (2008: $654,561).On 17 March 2009 Hawkestone transferred two thirds of interests in the Browse permits to Braveheart. At balance date the carrying value of Braveheart's interest in the permits is $593,099 (2008:$nil). It is the sale of the permit in 2006 that supports the parent company's view that the above investment in Hawkestone is recoverable. Consequently, the carrying value of investment in controlled entities are not considered to be impaired based upon the expectation that exploration activities will or may be commercially developed with the ultimate recoverability depends upon on the successful and commercial development of exploration assets or alternatively their sale. Hawkestone and Braveheart are incorporated in Australia and balance on 30 June.*

[2] *Director related entities of EG Albers and PJ Albers.*

[3] *Exoil has a 2.98% interest (2008:2.98%) in this company which is engaged in the acquisition, development, exploration and operation of natural resource properties. The company has no proven mineral or petroleum reserves.*

Details of market price risk and sensitivity can be found in Note 18.

NOTE 10 TRADE AND OTHER PAYABLES

	NOTE	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
CURRENT					
Trade creditors and accruals		169,015	431,726	162,290	429,280
Director-related entity other payables	17	84,661	96,707	51,628	65,226
		253,676	528,433	213,918	494,506
NON CURRENT					
Payable to subsidiary		-	-	48,500	-
		-	-	48,500	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 10 TRADE AND OTHER PAYABLES (Continued)

Trade and other payables are current liabilities of which the fair value is equal to the current carrying amount. Information about the company's exposure to foreign exchange risk in relation to trade payables, including sensitivities to changes in foreign exchange rates, is provided in Note 18.

NOTE 11 DEFERRED TAX LIABILITIES

	Assets		Liabilities		Net	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**	**$**	**$**
Consolidated and Company						
Investment revaluations	(33,731)	(26,233)	-	-	(33,731)	(26,233)
Exploration costs	-	-	347,870	855,716	347,870	855,716
Accrued expenses	(6,000)	(9,600)	-	-	(6,000)	(9,600)
Tax Losses	(261,492)	(246,022)	-	-	(261,492)	(246,022)
	(301,223)	(281,855)	347,870	855,716	46,647	573,861

NOTE 12 CONTRIBUTED EQUITY

	2009	2008	Consolidated		The Company	
			2009	**2008**	**2009**	**2008**
	Shares	**Shares**	**$**	**$**	**$**	**$**
Issued Capital						
Ordinary shares fully paid	101,550,526	50,775,263	2,959,055	2,959,055	2,959,055	2,959,055
Ordinary Shares						
Ordinary shares on issue at 1 July	50,775,263	50,775,263	2,959,055	2,959,055	2,959,055	2,959,055
Options exercised	-	-	-	-	-	-
Shares subdivision (1)	50,775,263	-	-	-	-	-
Ordinary shares on issue at 30 June	101,550,526	50,775,263	2,959,055	2,959,055	2,959,055	2,959,055

(1) At a general meeting of shareholders held on 3 September 2008 an ordinary resolution was passed subdividing the fully paid issued ordinary shares in the company into two ordinary shares each credited as fully paid up ordinary shares with the effect that the issued capital of the company comprises 101,550,526 ordinary fully paid shares from that date.

The company has unlimited authorised capital with no par value.

Terms and Conditions of Contributed Equity
Ordinary shares confer on the holder the right to receive dividends as declared and, in the event of a winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held (irrespective of the amounts paid up). Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Options over Unissued Shares
The company has granted options over unissued shares in the company, each option conferring the right to subscribe for one fully paid ordinary share. The options do not confer the right to dividends or to vote at meetings of members. Shares allotted on exercise of the options will rank pari passu in all respects with other fully paid ordinary shares. Each option will entitle the holder to participate in new issues in which shares or other securities are offered to members on the prior exercise of the option.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 12 CONTRIBUTED EQUITY (Continued)

During the year 600,000 options were granted (2008: Nil), no options were exercised (2008: Nil) or expired (2008: Nil). Details of these options issued during the year are disclosed in the Remuneration Report. At balance date there were a total of 4,300,000 unlisted options over unissued shares outstanding with an expiry date of 31 December 2009 (2,350,000 of the options are exercisable at 15 cents per share and 1,950,000 are exercisable at 20 cents per share).

As per above on 3 September 2008 the numbers of options issued were doubled and option prices halved as part of the share sub-division approved by shareholders at that date.

NOTE 13 OPTION RESERVE

An option reserve was established to hold the value of options granted as remuneration to directors and executives of the Company. This treatment is in line with AIFRS requirements for share based payments to be recognised in the income statement when made.

NOTE 14 COMMITMENTS

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
Estimated joint venture work program commitments (exclusive of contracted drilling commitments)				
Payable not later than one year (1)	4,111,750	12,607,500	192,500	1,512,500
Payable after one year and before three years	1,200,000	4,890,000	1,200,000	4,890,000
	5,317,750	17,497,500	1,392,500	6,402,500

(1) The consolidated entities work program commitment, payable not later than one year, of $4,111,750 includes Exoil's share of a well to be drilled in WA-332-P (Braveheart Joint Venture) of $3,806,250. No drilling contract has been signed for this work program commitment .It will only be drilled if there is success in the well drilled in WA-333-P per the drilling contract commitment shown below.

Exploration work program commitments may, with approval from the designated authority, be deferred or varied, or avoided by sale, farmout or relinquishment of permit interests. Work program commitments on exploration permits are commitments to undertake particular exploration activities; not financial commitments. There is no minimum spending obligation. The work program commitment numbers above reflect the company's share of the estimated cost of the work program. Contracted drilling costs are excluded from the work program commitments as they are shown below as a separately identifiable financial commitment.

	Consolidated 2009	Consolidated 2008	The Company 2009	The Company 2008
Estimated joint venture drilling contract commitments (not included above as work program commitments)				
Payable not later than one year(i)	4,567,500	-	-	-
Payable after one year and before three years	-	-	-	-
	4,567,500	-	-	-

(i) In July 2008 Exoil, along with a number of other non-related companies in a drilling consortium, signed a drilling contract. The contract is for the drilling of a well in the WA-333-P permit (Braveheart Joint Venture) in early calendar year 2010. The estimated cost of the well under the contract is $18,000,000. Exoil's share of this cost is $4,567,500 (25.375% of $18,000,000). If the well is not drilled and Exoil relinquished the permit Exoil's share of the drilling contact commitment is estimated to be reduced to 60% of its share of the total cost of the well which is $2,740,500(i.e. 60% of $4,567,500).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 14 COMMITMENTS (Continued)

	Consolidated		The Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Office lease commitments				
Payable not later than one year	167,346	161,687	167,346	161,687
Payable after one year and before five years	412,904	580,250	412,904	580,250
	580,250	741,937	580,250	741,937
	=======	=======	=======	=======

NOTE 15 INTEREST IN JOINT VENTURES

The consolidated entity has an interest in the assets, liabilities and output of joint venture operations for the exploration and development of petroleum in Australia. The consolidated entity has taken up its share of joint venture transactions based on the consolidated entity's contributions to the joint ventures. Expenditure commitments in respect of the joint ventures are disclosed in Note 14. Details of the consolidated entity's interests in the joint ventures are:

Joint Venture	Note	Interest 2009	Interest 2008	Permits Held
Braveheart (i)	17	25.375%	35%	WA-332-P& WA-333-P
Cornea (i)	17	29.75%	35%	WA-342-P
T/37P & T/38P (ii)	17	35%	35%	
Vic/P45	17	50%	50%	
Vic/P53	17	16.7%	16.7%	
Vic/P61	17	30%	30%	
WA-359-P	17	20%	20%	
Western Otway Joint Venture	17	15%	15%	EPP34
EPP35(iii)	17	30%	30%	
EPP36(iv)	17	30%	30%	

(i) Braveheart and Cornea (formerly described as Browse Basin) Farmins
Gascorp Australia Pty Ltd ("Gascorp") has completed its farmin obligation per farmin agreements in place as at 30 June 2008 (Note 20). The three permits disclosed as the Browse Basin in 2008 have been split into the two Joints Ventures Braveheart and Cornea.

(ii) T/38P Farmin
A defined portion of the T/38P permit was farmed out to Beach Petroleum on 1 October 2007.

(iii) EPP35 Farmin
Exoil signed a farm-out agreement with Gascorp, effective 30 June 2008, in relation to EPP35. In return for Gascorp funding seismic survey costs for EPP35 Exoil has agreed to farm-out a 10% interest in the permit.

Whilst Gascorp has committed to the farmin obligation as at 30 June 2008, the farmin work has not been performed or the funds outlayed as at the date of signing this report. When the seismic program is complete Exoil's interest in the permit will be 20%.

(iv) EPP36 Farmin
Exoil signed a farm-out agreement with Gascorp, effective 30 June 2008, in relation to EPP36. In return for Gascorp funding seismic survey costs for EPP36 Exoil has agreed to farm-out a 10% interest in the permit.

Whilst Gascorp has committed to the farmin obligation as at 30 June 2008, the farmin work has not been performed or the funds outlayed as at the date of signing this report. When the seismic program is complete Exoil's interest in the permit will be 20%. The Joint Venture has initiated discussions with the authorities with a view to relinquishment of this permit.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 15 INTEREST IN JOINT VENTURES (Continued)

Assets and liabilities of the joint venture operations are included in the financial statements as follows:

	NOTE	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
CURRENT ASSETS					
Cash assets (1)		142,603	187,102	131,322	190,858
Trade & other receivables		8,482	231,225	813	221,981
NON-CURRENT ASSETS					
Exploration and evaluation assets	7	2,274,926	3,732,656	1,159,569	2,852,385
CURRENT LIABILITIES					
Trade & other payables		61,306	400,271	21,548	366,793

(i) The Browse Joint Venture has no overdraft facility. The account was temporarily allowed to be in a credit balance by the Joint Venture Operator's bank until funded by Joint Venture partners on 17 July 2008. That is why Consolidated Cash assets are lower than company cash assets by $3,756 in 2008.

NOTE 16 KEY MANAGEMENT PERSONNEL

Key management personnel disclosures

Non-executive Directors
PJ Albers
GA Menzies
JMD Willis

Executive Director
EG Albers

Company Secretary
JG Tuohy

M Muzzin (resigned 31 December 2008 and not replaced)

Individual compensation disclosures
Information regarding individual directors compensation is provided in the remuneration report section of the directors' report. There are no employees who meet the definition of key management personnel other than the directors and company secretary. A summary of the remuneration report is shown below.

	Year	*Short Term Employment Benefits*			*Post Employment*		*Total*
		Directors Fees *$*	*Other Fees* *$*	*Salary* *$*	*Superannuation and other fees* *$*	*Options at Grant* *$*	*$*
TOTAL	**2009**	**-**	**39,400**	**-**	**30,000**	**44**	**69,444**
	2008	-	7,500	-	15,000	-	22,500

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2008

NOTE 16 KEY MANAGEMENT PERSONNEL (Continued)

Ordinary shares issued by Exoil Limited to Key Management Personnel

	Opening Balance	Received as Remuneration	Options Exercised	Other(1)	Closing Balance
2009					
JMD Willis	1,156,250	-	-	1,156,250	2,312,500
EG Albers *	40,059,992	-	-	33,421,824	73,481,816
PJ Albers *	40,059,992	-	-	33,012,192	73,072,184
JG Tuohy	-	-	-	-	-
MA Muzzin	1,556,250	-	-	(1,556,250)	-
2008					
JMD Willis	1,156,250	-	-	-	1,156,250
EG Albers *	40,059,992	-	-	-	40,059,992
PJ Albers *	40,059,992	-	-	-	40,059,992
MA Muzzin	1,556,250	-	-	-	1,556,250

* Ordinary shares in which more than one director holds an interest – 73,061,196 (2008: 40,049,992)

(1) No shares were granted to key management personnel during the reporting year as compensation. Per Note 12, the number of shares held by each person in the table above for 2008 doubled on 3 September 2008. In additional other dealings in ordinary shares are included in this column. On the 31 December 2008 MA Muzzin resigned and was not replaced

Options (exercisable by 31 December 2009 at 15-20 cents per share)

	Opening Balance	Options Granted	Options Expired	Other(1)	Closing Balance
2009					
JMD Willis	200,000	-	-	200,000	400,000
EG Albers	100,000	-	-	100,000	200,000
PJ Albers	100,000	-	-	100,000	200,000
GA Menzies	200,000	-	-	200,000	400,000
JG Tuohy	-	600,000	-	-	600,000
MA Muzzin	375,000	-	-	(375,000)	-
	975,000	600,000	-	225,000	1,800,000

(1) Per Note 12, the number of options held by each person in the table above for 2008 doubled on 3 September 2008 and option exercise prices halved. On the 31 December 2008 MA Muzzin resigned and was not replaced.

Options (exercisable by 31 December 2009 at 30-40 cents per share)

2008					
JMD Willis	200,000	-	-	-	200,000
EG Albers	100,000	-	-	-	100,000
PJ Albers	100,000	-	-	-	100,000
GA Menzies	200,000	-	-	-	200,000
MA Muzzin	375,000	-	-	-	375000
	975,000	-	-	-	975,000

No options exercisable by 31 December 2009 were exercised by the persons above in the year ended 30 June 2009 or the year ended 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 17 RELATED PARTY DISCLOSURES

Ultimate Parent
Great Australia Corporation Pty Ltd is the immediate parent company and its ultimate parent company is Seaquest Petroleum Pty Ltd.

Details of subsidiary companies of Exoil Limited are included Note 1.

Director-related Entities
Companies in which an Exoil director holds office, or that a director holds shares in that company, or that provide services to the company, or that the company provides services to, or to a joint venture in which the company has an interest or that also hold an interest in those joint ventures.

(i)Providers of Services
During the period services were provided under normal commercial terms and conditions by:

Capricorn Mining Pty Ltd, ("Capricorn"), a director-related entity of EG Albers
Great Missenden Holdings Pty Ltd ("GMH"), a director-related entity of EG Albers and PJ Albers
Setright Oil & Gas Pty Ltd, ("Setright"), a director-related entity of EG Albers and PJ Albers
Upstream Consulting Pty Ltd ("Upstream"), a director-related entity of JMD Willis
National Gas Australia Pty Ltd ("NGA"), a director-related entity of EG Albers and PJ Albers

Company	Service Provided	2009 $	2008 $
Capricorn	Management of exploration tenements	52,206	96,111
Capricorn	Corporate management and administration	35,000	12,000
Setright	Accounting, project management and company secretarial services	58,660	48,730
Setright	Accounting, project management of joint ventures	27,620	23,247
Upstream	Management and consulting services to the company	37,200	17,200
Upstream	Management and consulting to joint ventures	26,411	45,523
NGA	Provision of office services to joint venture in WA	24,550	37,063

(ii)Advance of funds
During 2008 funds advanced to the company were repaid in full to:

NGA, a director-related entity of EG Albers and PJ Albers
GMH, a director-related entity of EG Albers and PJ Albers
Cue Energy Resources Limited ("Cue"), a director-related entity of EG Albers

Interest paid / accrued on advances for the year at an interest rate of 1% per month

	2009 $	2008 $
GMH	-	8,689
NGA	-	4,273
Cue	-	11,384

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 17 RELATED PARTY DISCLOSURES (Continued)

(iii) Services Provider

During the year office services and amenities were provided by the company under normal commercial terms and conditions to:
Moby Oil & Gas Ltd, ("Moby"), a director-related entity of EG Albers and GA Menzies
Capricorn, a director-related entity of EG Albers
Octanex N.L., ("Octanex"), a director-related entity of EG Albers, P J Albers and GA Menzies
Strata Resources NL, ("Strata"), a director-related entity of EG Albers, P J Albers and GA Menzies
Auralandia NL, ("Auralandia"), a director-related entity of EG Albers and PJ Albers
NGA, a director-related entity of EG Albers and PJ Albers
Setright, a director-related entity of EG Albers and P J Albers
RMMI Australia Pty Ltd ("RMMI"), a director-related entity of EG Albers
Gascorp Australia Pty Ltd ("Gascorp) is a director-related entity of EG Albers, GA Menzies and JMD Willis.
Goldsborough Limited ("Goldsborough"), a director-related entity of EG Albers

Company	2009 $	2008 $
Moby	22,661	25,584
Capricorn	28,326	32,318
Octanex	39,482	38,781
Strata	2,920	6,463
Auralandia	16,996	19,391
NGA	17,518	38,781
Setright	28,500	38,781
RMMI*	(12,927)	12,927
Gascorp	16,473	-
Goldsborough	13,902	6,463
Total	173,851	219,489

* Credit adjustment for prior year services

(iv) Joint Venture Participants
The company holds interests in petroleum exploration joint ventures with certain director-related entities:

- As a participant of the Bass Basin Joint Venture (T37/P and T/38P) with operator Cue Energy Resources Ltd ("Cue"), a former director-related entity of EG Albers and Gascorp a director-related entity of EG Albers, JMD Willis and GA Menzies.
- As a participant of the Braveheart Joint Venture with Braveheart Petroleum Pty Ltd, Braveheart Oil & Gas Pty Ltd, Browse Petroleum Ltd, Gascorp and Braveheart Energy Pty Ltd, all director-related entities of EG Albers. Browse Petroleum Ltd is also a director-related entity of GA Menzies and JMD Willis.
- As operator of the Cornea Joint Venture with Batavia Oil & Gas Pty Ltd, Alpha Oil and Gas Pty Ltd, Gascorp and Goldsborough Energy Pty Ltd, all director-related entities of EG Albers. Gascorp is also a director-related entity of GA Menzies and JMD Willis.
- As the operator of the Western Otway (EPP 34) Joint Venture with National Energy Pty Ltd , a director-related entity of EG Albers, and United Oil and Gas Pty Ltd, Gascorp and Moby all three director-related entities of EG Albers and GA Menzies. Gascorp is also a director-related entity of JMD Willis.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 17 RELATED PARTY DISCLOSURES (Continued)

(iv) Joint Venture Participants (continued)

- As operator of the Vic/P45 Joint Venture with Moby, a director-related entity of EG Albers and GA Menzies.
- As a participant of the Vic/P53 Joint Venture with Moby a director-related entity of EG Albers and GA Menzies
- As the operator of the Vic/P61 Joint Venture with Gascorp, Moby Oil & Gas Limited and Octanex NL, all director-related entities of EG Albers and GA Menzies. JMD Willis is also a director of Gascorp and in August 2009 became a director in Octanex NL.
- As a participant of the WA359P with operator Cue a director-related entity of EG Albers.
- As the operator of both the EPP35 and EPP36 joint ventures with Moby, Gascorp and National Energy Pty Ltd all director related entities of EG Albers. GA Menzies and JMD Willis are also directors of Gascorp.

Amounts payable by and payable to related parties including those under joint venture arrangements:

	NOTE	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Receivables:					
Moby Oil & Gas Limited		6,311	5,908	6,311	5,908
Auralandia NL		4,733	4,026	4,733	4,026
Natural Gas Australia Pty Ltd		-	8,051	-	8,051
Octanex N.L.		12,620	8,051	12,620	8,051
Strata Resources NL		-	3,142	-	3,142
Capricorn Mining Pty Ltd		7,888	6,708	7,888	6,708
RMMI Australia Pty Ltd		-	14,220	-	14,220
Goldsborough Limited		6,311	1,342	6,311	1,342
Setright Oil & Gas Pty Ltd		6,311	8,052	6,311	8,052
Gascorp Australia Pty Ltd		9,466	-	9,466	-
		53,640	59,500	53,640	59,500
Payables					
Setright Oil & Gas Pty Ltd		10,073	10,910	8,879	10,475
Upstream Consulting Pty Ltd		16,845	14,010	14,745	12,624
Capricorn Mining Pty Ltd		43,897	57,287	27,168	42,127
National Gas Australia Pty Ltd		13,846	14,500	836	-
		84,661	96,707	51,628	65,226

(vi) Sale of permit information to director-related entity

On the 23 March 2009 $540,000 was received from Gascorp Australia Pty Ltd, a director-related entity of EG Albers, JMD Willis and GA Menzies, per the VIC P/45 Sale of Information agreement. A profit of $459,963 was recognised in the income statement after costs of $80,036 were recouped form this sale.

(vii) Provision of services by director.

During the year-ended 30 June 2009 legal fees of $25,000 were paid to GA Menzies for his work on the Information Memorandum issued for the listing of the company on the NSX (2008: Nil).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 18 FINANCIAL INSTRUMENTS

	NOTE	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Categories of Financial Instruments					
Financial Assets					
Investments held for trading at fair value through the profit or loss	9	70	25,067	70	25,067
Loans and receivables (including cash and cash equivalents)		645,845	1,270,368	626,894	1,263,883
		645,915	1,295,435	626,964	1,288,950
Financial Liabilities					
Amortised Cost	10	253,676	528,433	213,918	494,506

Recognition and derecognition
The regular way purchases and sales of financial assets and financial liabilities are recognised on the trade date being the date on which the consolidated entity commits to purchase or sell the financial assets or financial liabilities. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Exposure to credit, liquidity, interest rate, foreign currency and equity price risks arises in the normal course of the consolidated entity's business. The consolidated entity's overall risk management approach is to identify the risks and implement safeguards which seek to minimise potential adverse effects on the financial performance of the consolidated entity's business. The board of directors are responsible for monitoring and managing the financial risks of the consolidated entity.

Credit risk
Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. At the balance sheet date there were no significant concentrations of credit risk as the consolidated entity has no trade sales or trade receivables. The maximum exposure to credit risk of financial assets is represented by the carrying amounts of each financial asset in the balance sheet.

Liquidity risk
Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. Liquidity risk is monitored to ensure sufficient monies are available to meet contractual obligations as and when they fall due. All liabilities at balance date are current are due in less than one month.

Interest rate risk
All financial liabilities and financial assets at floating rates expose the consolidated entity to cash flow interest rate risk the consolidated entity has no exposure to interest rate risk at balance date, other than in relation to cash and cash equivalents which attract an interest rate.

Sensitivity Analysis
At balance date a 1% (100 basis point) increase/decrease in the interest rate would increase/decrease the consolidated entity post tax profit and net assets by $3,839 (2008: $6,797) and for the company by $3,760 (2008: $6,823).

Foreign currency risk
The consolidated entity is exposed to foreign currency risk arising from purchases of goods and services that are denominated in a currency other than the Australian dollar functional currency. The consolidated entity incurs seismic, exploration and well drillings costs in US dollars. To this extent, the consolidated entity is exposed to exchange rate fluctuations between the Australian and US dollar.

There was no material exposure to foreign currency in 2009.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 18 FINANCIAL INSTRUMENTS (Continued)
Equity price risks
Equity price risk arises from available for sale investments held by the parent and consolidated entity in the form of investments in listed equities. The portfolio of investments is managed internally by Exoil management who buy and sell equities based on their own analyses of returns.

Available for sale investments in listed equities of $70 (2008: $25,067) for the consolidated entity and the parent entity are subject to movements in prices of the investment markets.

The consolidated entity and company investments in listed equities are listed on the Australian Stock Exchange and in the United States on the Over-the Counter Bulletin Board (OTC-BB). A 10% (2008: 10%) increase / decrease at the reporting date in closing share price of each share held would have increased/decreased consolidated equity by $7 (2008: $2,507). There would have been no effect on profit.

Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

It is the company's and consolidated entity's plan that capital will be raised by any one or a combination of the following manners: placement of shares to excluded offerees, pro-rata issue to shareholders, the exercise of outstanding options, and/or a further issue of shares. Should these methods not be considered to be viable, or in the best interests of shareholders, then it would be the consolidated entity's intention to meet its exploration obligations by either partial sale of its interests or farmout, the latter course of action being part of its overall strategy.

The company and consolidated entity are not subject to any externally imposed capital requirements.

NOTE 19 SEGMENT INFORMATION

The economic entity operates in Australia in the petroleum exploration industry.

NOTE 20 CONTINGENT ASSETS AND LIABILITIES
T/37P Farmin
On 29 April 2008, Exoil entered into a Call Option Agreement and a Put Option Agreement with Gascorp Australia Pty Ltd ("Gascorp") relating to the 15% interest in T/37P acquired by Gascorp under the farmin agreement signed the same day. Under the Call Option Agreement, Exoil can call upon Gascorp to reassign the 15% interest in T/37P to Exoil. The consideration payable, if the Call Option is exercised, is the agreement of Exoil to repay to Gascorp the sum of $1,663,000 paid under the relevant farmin agreement, plus interest at 0.75% per month, together with the grant of a 1% overriding royalty on the 15% interest to be reassigned. Under the Put Option Agreement, Gascorp can require Exoil to take a reassignment of the 15% interest. If the put option is exercised by Gascorp, Exoil must repay $1,663,000 to Gascorp plus interest at 0.75% per month and grant Gascorp a 1% overriding royalty on the 15% interest so reassigned. The farmin obligation has been met as at 30 June 2009 and there are no obligations outstanding by Gascorp to Exoil under the farmin agreement.

T/38P Farmin
On 29 April 2008, Exoil entered into a Call Option Agreement and a Put Option Agreement with Gascorp relating to the 15% interest in T/38P acquired by Gascorp under the farmin agreement signed the same day. Under the Call Option Agreement, Exoil can call upon Gascorp to reassign the 15% interest in T/38P to Exoil. The consideration payable, if the Call Option is exercised, is the agreement of Exoil to repay to Gascorp the sum of $453,000 paid under the relevant farmin agreement, plus interest at 0.75% per month, together with the grant of a 1% overriding royalty on the 15% interest to be reassigned. Under the Put Option Agreement, Gascorp can require Exoil to take a reassignment of the 15% interest. If the put option is exercised by Gascorp, Exoil must repay $453,000 to Gascorp plus interest at 0.75% per month and grant Gascorp a 1% overriding royalty on the 15% interest so reassigned. The farmin obligation has been met as at 30 June 2009 and there are no obligations outstanding by Gascorp to Exoil under the farmin agreement.

NOTES TO THE FINANCIAL STATEMENTS
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NOTE 20 CONTINGENT ASSETS AND LIABILITIES(Continued)

EPP34 Farmin
On 29 April 2008, Exoil entered into a Call Option Agreement and a Put Option Agreement with Gascorp relating to the 10% interest in EPP 34 acquired by Gascorp under the farmin agreement signed the same day. Under the Call Option Agreement, Exoil can call upon Gascorp to reassign the 10% interest in EPP 34 to Exoil. The consideration payable, if the Call Option is exercised, is the agreement of Exoil to repay to Gascorp the sum of $525,000 paid under the relevant farmin agreement, plus interest at 0.75% per month, together with the grant of a 1% overriding royalty on the 10% interest to be reassigned. Under the Put Option Agreement, Gascorp can require Exoil to take a reassignment of the 10% interest. If the put option is exercised by Gascorp, Exoil must repay $525,000 to Gascorp plus interest at 0.75% per month and grant Gascorp a 1% overriding royalty on the 10% interest so reassigned. The farmin obligation has been met as at 30 June 2009 and there are no obligations outstanding by Gascorp to Exoil under the farmin agreement.

Braveheart and Cornea (Formerly Browse Joint Venture) Permits Farmin
Hawkestone Oil Pty Ltd ("Hawkestone'), the fully owned subsidiary of Exoil, along with other participants in the Browse Joint Venture, signed a farm-out agreement with Gascorp, effective 30 June 2008, in relation to all three of the Browse Joint Venture permits. In return for Gascorp funding seismic survey costs for WA-332-P and WA-333-P Exoil has agreed to farm-out a 5.25% interest in the three Browse Joint Venture permits.

Hawkestone, and the other Browse Joint Venture participants, entered into a Put Option Agreement, effective 30 June 2008, with Gascorp relating to the 5.25% interests to be acquired by Gascorp under the farmin agreement. Under the Put Option Agreement, Gascorp can require Hawkestone to take a reassignment of the 5.25% interests. If the put option is exercised by Gascorp, Hawkestone must repay its pre-farmin share of $1,200,000 to Gascorp plus interest at 0.75% per month. The farmin obligation has been met as at 30 June 2009 and there are no obligations outstanding by Gascorp to Exoil under the farmin agreement.

Gascorp Put and Call Option Agreements
In relation to the above Put and Call Option agreements between Gascorp and Exoil, Gascorp has stated that all agreements have been allowed to lapse as at the date of signing this report.

Rental Bank Guarantee
A contingent liability exists in the form of a rental bank guarantee for $43,450.

NOTE 21 EVENTS SUBSEQUENT TO BALANCE DATE

There are no significant events subsequent to balance date and to the signing of this report except that Gascorp Australia Pty Ltd has stated on 4 September 2009 that all relevant option agreements relating to farmins, as disclosed in the Note 20 Contingent Assets and Liabilities, have been allowed to lapse.

NOTE 22 CASH AND CASH EQUIVALENTS
The Browse Joint Venture, in which the interest is held by the subsidiary of Exoil, Hawkestone, has no bank overdraft facility. The bank account for the Joint Venture was temporarily allowed to be in a credit balance by the Joint Venture Operator's bank until funded by Joint Venture partners on 17 July 2008. Consequently, consolidated entity cash assets were lower than company cash assets by $3,756 at 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

NOTE 23 LOSS PER SHARE

	Consolidated 2009 $	2008 $
The following reflects the income and share data used in the calculations of basic and diluted loss per share:		
Net loss	1,316,688	61,296
The weighted average number of shares used for the purposes of calculating basic and diluted loss per share		
	Number of Shares	**Number of Shares**
Basic earnings per share	101,550,526	101,550,526(ii)

(i) Options not dilutive
Unlisted options outstanding during the year (Refer Note 12) are not dilutive at the 30th June 2009 as the exercise price is higher than the average share price for the year then ended.

(ii) The comparative balance of weighted average number of ordinary shares of 50,775,263 was adjusted to reflect the 1:2 share split.

PKF

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Exoil Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Exoil Limited and the entities it controlled during the year.

David J Garvey
Partner
PKF

10 September 2009
Melbourne

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EXOIL LIMITED

Chartered Accountants
& Business Advisers

Report on the Financial Report

We have audited the accompanying financial report of Exoil Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Exoil Limited and the consolidated entity. The consolidated entity comprises Exoil Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 (a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Exoil Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EXOIL LIMITED (CONT'D)

Emphasis of Matter - Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 1(c) "Going Concern" to the financial statements, the company and the consolidated entity incurred a loss for the year ended 30 June 2009 of $1,316,909 and $1,316,688 respectively and had net cash outflows from operating activities amounting to $194,091 and $420,554 respectively. In addition the working capital available to the company and the consolidated entity as at 30 June 2009 amounted to $412,976 and $392,169 respectively. These conditions give rise to a material uncertainty which may cast significant doubt about the ability of the company and the consolidated entity to continue as going concerns, and therefore whether they will be able to pay their debts as and when they fall due and realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The financial report has been prepared on a going concern basis and therefore does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 16 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Exoil Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Acts 2001*.

PKF

PKF

David Garvey

D J Garvey
Partner

10 September 2009
Melbourne

5 YEAR SUMMARY OF PERFORMANCE
30 JUNE 2009

		2005	2006	2007	2008	2009
Gross Revenue	$	36,730	3,010,585	314,286	312,518	645,746
Net profit (loss) before tax	$	(305,783)	2,022,119	73,568	(152,930)	(1,843,902)
Total assets	$	4,479,890	5,121,432	5,439,993	5,106,124	2,987,465
Total liabilities	$	2,821,719	530,709	1,374,867	1,102,294	300,323
Shareholders funds	$	1,658,171	4,590,723	4,065,126	4,003,830	2,687,142
Earnings (loss) per share	Cents	**	3.83	0.00	0.00	(0.01)
Dividends per share	Cents	N/A	N/A	N/A	N/A	N/A
Net tangible assets (deficiency)	$	(2,171,327)	248,389	(1,036,998)	271,174	412,216
Price earnings ratio		*	*	*	*	**

* Not Listed
** Not Applicable (loss)
N/A Not Applicable

CORPORATE GOVERNANCE

The Directors are responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals and monitoring of the business and affairs of the Company on behalf of the Shareholders.

This Section includes information on how the Company and the Board address, on an ongoing basis, the specific requirements of the ASX for corporate governance, the operation of Board committees and their charters, the Company's code of ethics and share trading policy and the Board's own charter.

Important to a culture of actively addressing the area of corporate governance is the Board's ongoing review of the Company's relevant and existing practices To this end the Board annually reviews the Company's corporate governance practices by benchmarking against the latest Corporate Governance Principles and Recommendations ("principles & recommendations") issued by the ASX Corporate Governance Council ("Council"). The Board has adopted the elements of the eight principles & recommendations that are appropriate to the Company. Details of the governance practices applied by the Company and specific instances where the Company has followed alternative practices to the Council's eight principles and recommendations are set out below under the heading "Adherence to the ASX Principles & Recommendations of Corporate Governance".

Given that the Company has to date been small, with limited activities and limited resources and has a small Board, it has not established a series of separate committees to address specific areas of corporate governance. Consequently, corporate governance is dealt with by the Board under the terms of reference of its charter and acting as a committee in relation to the various areas or issues required to be considered. The capacity of the Company to comply with the ASX Principles & Recommendations of Corporate Governance is limited because of the present size and structure of the Board, comprising as it does, Mr James Willis who is an executive director and not independent: Mr Albers who was an executive director for part of the year but is currently not-executive but who is not independent as well as Mr Menzies who is non-executive but not independent. Mr Albers is not independent because he and his associates have substantial shareholdings in the Company as disclosed herein and Mr Menzies is not independent because of past and present professional and commercial relationships with the Company.

CORPORATE GOVERNANCE (Cont)

Separate from its own charter (the main terms of which are detailed below), the Board has developed formal charters that incorporate the terms of reference under which it addresses the areas and functions of Audit and Compliance, Remuneration and Nominations, and these are explained below. These charters introduce a formal structure of objectives and functions for the Board to apply when addressing these aspects of the Company's corporate governance, in anticipation of an expanded Board establishing these functions under separately established committees.

The Board has established itself as two committees to separately address the areas of Audit and Compliance, Remuneration and Nominations and each of the Directors is a member of those committees. The Board has not established separate committees to address risk management or health, safety and environment, with such issues currently dealt with by the Board as a whole. In all relevant situations, any interested Director(s) are expected to abstain or be absent from Board deliberations as required either by the Act or as necessary to avoid conflict or possible breach of their fiduciary duties.

Audit and Compliance Committee

The function of an Audit and Compliance Committee is to give additional assurance regarding the quality and reliability of financial information used by the Board and regarding the financial information provided by the Company pursuant to its statutory reporting requirements.

Aspects of the audit and compliance function addressed by the Board are: to consider any matters relating to the financial affairs of the Company, compliance with statutory requirements, adherence to applicable Listing Rules and issues relating to internal and external audit. Additional to those aspects, the Board examines any other matters of an audit or compliance nature that come to its attention or are referred to it.

Nominations and Remuneration Committee

The function of a Remuneration Committee is reviewing the remuneration policies and practices of the Company. Where relevant, this review covers compensation arrangements for executives, the Company's superannuation arrangements, the requirements for an employee share and option plan, performance reviews, succession planning and the fees of non-executive Directors.

When addressing these areas, the non-interested Directors who carry out these functions have access to independent advice and comparative studies on the appropriateness of remuneration arrangements.

In the event of exploration success or expansion of the Company's operations beyond those currently capable of being undertaken, the remuneration levels of Directors may increase; but not beyond the approved limit set from time to time by the Shareholders for directors' fees. It should be noted that directors remuneration as fixed in general meeting does not include salary (and associated benefits, including superannuation) payable to executive Directors.

The functions of the Committee in relation to nominations are:

- to identify and recommend candidates to fill Board vacancies as and when they arise;
- before recommending an appointment, to evaluate the balance of skills, knowledge and experience on the Board and, in the light of that evaluation, to determine the role and capabilities required for the appointment;
- to make recommendations to the Board with respect to the:
  - re-appointment of any non-executive Director at the conclusion of their specified term of office;
  - re-election by Shareholders of any Director under the retirement by rotation provisions in the Company's constitution;
- to formulate succession plans for both non-executive and executive Directors, taking into account the expertise required on the Board in the future;
- to review the structure, size and composition of the Board; and

CORPORATE GOVERNANCE (Cont)

- to consider such other matters relating to Board nomination or succession issues as may be referred to it by the Board.

The Board of Directors adherence to the ASX Principles & Recommendations of Corporate Governance

Principle 1 - Lay Solid Foundations for Management and Oversight
The Board's primary role is the stewardship of the shareholders' funds with the objective of creating long term shareholder value. In fulfilling this role, the Board accepts overall responsibility for corporate governance. A board charter, which outlines the framework for its operation and of those functions delegated to the management, is outlined below.

At the date of this Annual Report, the Company's only senior executives were Mr Willis, the Company Secretary and the Chief Financial Officer ("CFO"). Where necessary, the Company utilises contractors to provide expertise for technical, legal and administrative services. The performance evaluation of the relevant Director is undertaken together with the other members of the Board. This evaluation comprises a board performance appraisal and director self-assessments that are reviewed by the Chairman.

Principle 2 - Structure the Board to Add Value

Board Composition

At the date of this Annual Report, the Board comprised three Directors. Mr James Willis, the Chairman is an executive while Mr E G Albers and Mr Menzies are non-executive directors who are not independent directors.

The Chairman administers the procedure for Directors to seek independent professional advice, at the Company's expense, to assist them to fulfil their duties and obligations.

Independence

At the present stage of the Company's development and given its size and structure at present, the resources available to the Board to carry out the Company's activities have been limited. As such the Company does not have a majority of independent directors.

The Board determined that, where these are available, the specific skills of non-executive directors may be called upon from time to time to assist the Management. The Board has established a level of remuneration paid for those services as a materiality threshold to determine a Director's non-executive status.

Role of the Chairman

Mr Willis is not an independent director. The Board considers that his lack of independence and carrying out executive duties for the Company does not hinder the effective performance of his role as chairman.

Given the size of the Board and the scope of the Company's activities, the Company does not have a separate nominations committee, with the functions of such a committee being undertaken by the Board under the terms of the Remuneration and Nominations Committee.

As noted in Principle 1, board performance appraisal and director self-assessment has been undertaken during the reporting period.

CORPORATE GOVERNANCE (Cont)

Principle 3 - Promote Ethical and Responsible Decision-making

The Board has established a:

- code of ethics, setting out the standards of ethical behaviour required of directors and employees;
- share transaction policy, setting out the position of the Company on trading in the Company's securities by directors and employees;
- board charter, outlining the responsibilities and activities of the board and individual directors within legal and regulatory requirements and the Company's constitution; and
- committee charter, describing the terms of reference for the operation of each of the Audit and Compliance and Remuneration and Nominations Committee.

Principle 4 - Safeguard Integrity in Financial Reporting

For the current financial year, in which the company commenced its listing, the CEO and CFO have formally recorded that the Company's financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with accounting standards.

Given the size of the Board (3 members) and the scope of the Company's activities, the Company acts as audit committee, with the functions of such a committee being undertaken by the Board under the terms of reference of a related charter. As noted above, because the Company has no independent directors, the composition of the audit committee does not comply with this 4th principle and recommendation in terms of composition.

The number of meetings of the audit committee held during each reporting period and the names of the attendees are set out in the relevant Directors' Report.

The audit committee has a formal charter. As required by that audit committee charter, the Board annually reviews the performance and ongoing independence of the external Auditors. The need (or not) for rotation of the lead partner or of the Auditors themselves forms part of that annual review.

Principle 5 – Make Timely and Balanced Disclosure

The Board has established policies and procedures designed to ensure compliance with all applicable Listing Rule disclosure requirements (and consequently continuous disclosure requirements under the Act) such that:

- all investors have equal and timely access to material information concerning the Company, including its financial position, performance, ownership and governance; and
- Company announcements are factual and presented in a clear and balanced way.

The Chairman, a Director or the Company Secretary authorises all disclosures necessary to ensure compliance with all disclosure requirements under the Listing Rules and the Corporations Act 2001.

Principle 6 - Respect the Rights of Shareholders

The Board has established a policy for communicating with the Company's shareholders by:

- sending the Annual Report to shareholders;
- placing all shareholder related information and Stock Exchange announcements promptly onto the website in an accessible manner;
- ensuring shareholder participation in meetings by use of the Council's guidelines for meetings and notices; and
- encouraging shareholders at the annual general meeting to question both the Directors (about the Company's governance and business) and the external Auditors (about the conduct of the audit and the content of the audit report).

CORPORATE GOVERNANCE (Cont)

Principle 7 - Recognise and Manage Risk

The Board is responsible for overseeing the effectiveness of risk management so as to:

- identify, assess, monitor and manage risk; and
- inform investors of the nature of, and material changes to, the Company's risk profile.

The Company's activities are currently centred on advancing its inherently high-in-risk exploration projects. Apart from geological risk, material business risks include financial, operational, environmental and technological risk. Details of major risks to which the Company is subject are disclosed in the Information Memorandum pursuant to which the Company was admitted to the Official List of NSX.

The Board considers the existing policies and procedures for risk oversight to be appropriate for the Company's current stage of development.

At each major milestone of the Company's projects, specific risk oversight and management policies are developed consistent with activities at that time. The Board categorises the various types of risks facing the Company by assessing their likelihood (as high, medium or low), gauging their consequences (as severe, significant or minor) and seeking to mitigate the related risk (by sharing risk with others (farmout or sale), raising of additional equity capital, employment of consultants, outsourcing, insurance or management process).

In relation to any financial reporting period, the Board receives formal assurance from the CEO and CFO that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8 - Remunerate Fairly and Responsibly

- Given the size of the Board and the scope of the Company's activities, the Board acts as a remuneration committee, with the functions of such a committee being undertaken by the Board under the terms of reference of the Remuneration and Nominations Committee
- The Board reviews the remuneration packages of Directors and Executive Officers on an annual basis.
- The Company's policy for determining the nature and amount of emoluments of directors, non-executive and executive, is as follows:
- fees for non-executive directors are based on the demands and responsibilities of their role. In determining fees, regard is had for similar fee structures paid to non-executive directors in peer group companies;
- the remuneration structure for executive directors is determined having regard to industry practice, market trends and company performance;
- performance related incentive payments are based on share price performance targets but may also become based partly on other performance criteria established from time to time; and
- there is no provision of retiring allowances for directors.

The audited Remuneration Report (that is included in the current Annual Report, being the first report produced since gaining listing) details all forms of remuneration provided to the Directors during the relevant reporting period.

Code of Ethics

The Company has in place a Code of Ethics ("Code") which is the framework of standards under which the Directors, Officers and Employees of the Company are expected to conduct their professional lives. The Code is not intended to prescribe an exhaustive list of acceptable and non-acceptable behaviour, rather it is intended to facilitate decisions that are consistent with the Company's values, business goals and legal and policy obligations, thereby enhancing performance outcomes.

CORPORATE GOVERNANCE (Cont)

The Code is subject to annual review by the Board and is based around articles covering the areas of:

- Conflicts of interest;
- Gifts;
- Corporate opportunity;
- Confidentiality;
- Behaviour;
- Proper use of the Company's assets and information;
- Compliance with laws and policies;
- Delegated authority;
- Additional director responsibilities;
- Information for the Board; and
- Reporting concerns.

Share Transaction Policy

The Company's share transaction policy provides guidelines for designated officers in regard to trading of the Company's securities. A designated officer conducting a trade is responsible and accountable for ensuring any trade they conduct complies with the law and this policy.

The share transaction policy covers:

- Who are designated officers;
- Trading windows;
- Trading black-outs;
- Trading at other times;
- Trading in financial products issued or created over the Company's securities by third parties; and
- Trading in associated products which operate to limit the economic risk of security holdings in the Company.

Board Charter

The Company's charter for its Board ("Charter") provides that the Directors are appointed by the Shareholders and are (individually and collectively) responsible for the activities of the Company in accordance with legal and regulatory requirements and the Company's Constitution.

It sets out that the primary role of the Board is to create shareholder wealth (with a long term bias) and, in that context, to have due regard to the interests of other stakeholders. The Board is to achieve this by:

- providing leadership of the Company through setting the Company's direction, strategies, and financial objectives within a framework of prudent and effective controls which enable risk to be recognised, assessed and managed;
- ensuring the Company has effective processes and systems in place to enable the Board to plan strategically, review current strategy, consider alternative strategies, monitor corporate performance and capabilities and recognise and oversee the management of risk;
- setting, overseeing and maintaining the Company's values, corporate governance framework; compliance with regulatory and ethical standards and ensuring that these are adhered to in the interests of the Company's shareholders, employees, customers, suppliers and the communities in which it operates;
- safeguarding the reputation of the Company;
- ensuring there is an effective balance between the delegation of responsibility for the day-to-day operation and management to the CEO and the role of the Board in monitoring, guiding and providing oversight;
- ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- ensuring that the performance of Management, and the Board itself, is regularly assessed and monitored;

CORPORATE GOVERNANCE (Cont)

- promoting a culture where transparent and timely information is shared between management and the Board and where there is opportunity to advance proposals, challenge views, assumptions and beliefs in an environment of trust, respect and openness;
- ensuring effective communication with Shareholders; and
- appointing, terminating and reviewing the performance of the CEO.

The Charter also provides specific provisions and guidance to the Board in relation to:

- Composition of the Board;
- Selection of Directors;
- Board Committees and their makeup;
- Board Authorities and Accountabilities;
- Taking Independent Advice;
- Individual Responsibilities;
- Conduct of Board Meetings and Record-keeping; and
- Review of Board and Director Performance.

The Board reviews the Charter at least once a year to ensure it remains consistent with the Board's objectives and responsibilities.

SHAREHOLDER AND OTHER INFORMATION

COMPILED AS AT 14 SEPTEMBER 2009

VOTING RIGHTS
At meetings of members or classes of members:

(a) each member entitled to vote may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a member or a proxy, attorney or representative of a member has one vote; and

(c) on a poll, every person present who is a member or a proxy, attorney or representative of a member has:

(i) for each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, one vote for the share;
(ii) for each partly paid share, only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable on the share (excluding amounts credited),

subject to any rights or restrictions attached to any shares or class or classes of shares.

DISTRIBUTION OF ORDINARY SHARES
Numbers of members by size of holding and the total number of shares on issue:

Ordinary Shares	No. of Holders	No. of Shares
1 – 1,000	2	32
1,001 – 5,000	1	3,168
5,001 – 10,000	0	0
10,001 – 100,000	23	1,247,800
100,001 and over	51	100,299,526
TOTAL ON ISSUE	77	101,550,526

2 holders held less than a marketable parcel of ordinary shares. There is no current on-market buy-back.

SHAREHOLDER AND OTHER INFORMATION (Cont)

COMPILED AS AT 14 SEPTEMBER 2009

SUBSTANTIAL SHAREHOLDERS

As disclosed in notices given to the Company.

Name of Substantial Shareholder	Interest in Number of Shares *Beneficial and non-beneficial*	% of Shares
The Albers Group	73,484,984	72.36

THE 20 LARGEST HOLDERS OF ORDINARY SHARES

Holder	Ordinary Shares	% of Total Issued
Great Australia Corporation Pty Ltd	63,729,668	65.08
Peppercorn Hill Pty Ltd	5,000,000	5.11
M A Muzzin	3,112,500	3.18
EERC Australasia Pty Ltd	2,883,334	2.94
Upstream Consulting Pty Ltd	2,312,500	2.36
C D & C E Crow	2,187,500	2.23
Trans Pacific Petroleum N L	2,000,000	2.04
Great Missenden Holdings Pty Ltd	1,765,000	1.80
National Oil & Gas Ltd	1,600,000	1.57
Bass Strait Group Pty Ltd	1,266,668	1.29
Kefu Holdings Pty Ltd	1,250,000	1.28
Great Missenden Holdings Pty Ltd	800,000	0.82
Focus On Australia Pty Ltd	668,026	0.68
Batavia Oil & Gas Pty Ltd	640,000	0.63
Natural Gas Corporation Pty Ltd	640,000	0.63
JSM Corporate Pty Ltd	500,000	0.51
Jolimont Investments Pty Ltd	500,000	0.51
Northrock Group Pty Ltd	500,000	0.51
Conningsborough Nominees Pty Ltd	466,666	0.48
Great Missenden Holdings Pty Ltd	404,000	0.40
Cartron Pty Ltd	400,000	0.39
G F Szoka	400,000	0.39
E G Albers & E M Larsson	400.000	0.39
Samdy Nominees Pty Ltd	400.000	0.39
Relativity Pty Ltd	400,000	0.39
W P & E A Wood	400,000	0.39
Albers Custodian Company Pty Ltd	400,000	0.39
Vizotand Pty Ltd	400,000	0.39

The 20 largest shareholders hold 97,565,526 shares representing 99.63% of the issued share capital.

SHAREHOLDER AND OTHER INFORMATION (Cont)

COMPILED AS AT 14 SEPTEMBER 2009

DISTRIBUTION OF 31 DECEMBER 2009 OPTIONS (EXERCISE PRICE 15 CENTS)

Numbers of optionholders by size of holding and the total number of options on issue:

	No. of Holders	No. of Options
1 – 1,000	0	-
1,001 – 5,000	0	-
5,001 – 10,000	0	-
10,001 – 100,000	0	-
100,001 and over	8	2,350,000
TOTAL ON ISSUE	8	2,350,000

There are no voting rights in relation to these options and they are not listed on NSX.

DISTRIBUTION OF 31 DECEMBER 2009 OPTIONS (EXERCISE PRICE 20 CENTS)

Numbers of optionholders by size of holding and the total number of options on issue:

	No. of Holders	No. of Options
1 – 1,000	0	-
1,001 – 5,000	0	-
5,001 – 10,000	0	-
10,001 – 100,000	0	-
100,001 and over	7	1,950,000
TOTAL ON ISSUE	7	1,950,000

There are no voting rights in relation to these options and they are not listed on NSX.

NOTES

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