Exoil Limited
ABN 40 005 572 798

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Melbourne Victoria 3000 Australia

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RELEASE

REPLACEMENT OFFER OF SHARES AND OPTIONS BY WAY OF OFFER INFORMATION STATEMENT

Exoil Limited ("the Company") ***(NSX code EXX)*** advises that an offer, replacing the offer announced on 6 November 2009, of new Shares (and accompanying free options) ("Offer") is being made by Offer Information Statement ("OIS") to raise funds to meet the Company's share of the expected costs of drilling the Braveheart-1 well within WA-333-P and the Cornea-3 appraisal well within WA-342-P.

The Offer is to be made by way of a non-renounceable entitlements issue of up to 50,775,263 Shares at an issue price of $0.10 (10 cents) each, with such offer being made initially to Members at the record date (12 November 2009) on a one for one basis and on the basis that, for every five (5) new Shares subscribed for under the Offer, Applicants will be granted four (4) free options, each option to acquire an ordinary share in the Company at an exercise price of $0.12 (12 cents) and exercisable at any time up to 30 June 2012 ("Options").

A revised New Issue announcement has been lodged in conjunction with this release. Members and prospective Applicants should read that New Issue announcement and the OIS dated 9 November 2009.

The Offer is underwritten to an amount of $3,077,526 by Great Missenden Holdings Pty Ltd. Additionally, Great Missenden Holdings Pty Ltd will provide the Company with a loan facility of up to $2,000,000 secured by a first ranking charge over the assets of the Company.

Full details regarding the Offer, the Shares and the Options are contained in the OIS, a copy of which is attached to and forms part of this release.

By Order of the Board

J.G. Tuohy
Company Secretary

9 November 2009

THIS DOCUMENT IS IMPORTANT. IT IS AN OFFER INFORMATION STATEMENT UNDER SECTION 715 OF THE CORPORATIONS ACT 2001 AND IS NOT A PROSPECTUS. IT HAS A LOWER LEVEL OF DISCLOSURE REQUIREMENTS THAN A PROSPECTUS AND INVESTORS SHOULD OBTAIN PROFESSIONAL INVESTMENT ADVICE BEFORE ACCEPTING ANY OFFER OR INVITATION TO SUBSCRIBE FOR SHARES CONTAINED HEREIN.

EXOIL LIMITED

ABN 40 005 572 798

OFFER INFORMATION STATEMENT

INCORPORATING

AUDITED FINANCIAL STATEMENTS FROM 2009 ANNUAL REPORT

Offer Information Statement for a non-renounceable entitlements issue to Applicants of up to 50,775,263 new Shares at an Issue Price of $0.10 (10 cents) each ("Shares") based on one new Share for every ordinary share held in the Company on issue at the Record Date to raise up to $5,077,526 ("the Offer").

For every five (5) Shares allotted, the Member or Applicant will be granted, free of cost, four (4) options to acquire an ordinary share in the Company at an exercise price of $0.12 (12 Cents) which Options shall be exercisable at any time up to 30 June 2012 ("Options").

The Offer is underwritten to an amount of $3,077,526 by Great Missenden Holdings Pty Ltd. Additionally Great Missenden Holdings Pty Ltd will provide the Company with a loan facility of up to $2,000,000 secured by a first ranking charge over the assets of the Company.

Any investment in the Company's shares should be considered speculative.

No securities will be issued or allotted on the basis of this Offer Information Statement ("OIS") later than the expiry date of this OIS which is 30 November 2010 being a date not more than 13 months after the date of this OIS. This OIS is dated 9 November 2009. A copy of this OIS was lodged with the Australian Securities and Investments Commission ("ASIC") on 9 November 2009. Neither ASIC nor any of its officers take any responsibility for the contents of this OIS.

DIRECTORS

James Willis (Chairman)

E Geoffrey Albers

Graeme Menzies

COMPANY SECRETARY

John G Tuohy

REGISTERED OFFICE

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500 Collins Street,
Melbourne, Victoria 3000
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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

AUDITORS

PKF
Level 14,
140 William Street,
Melbourne, Victoria 3000

UNDERWRITER

Great Missenden Holdings Pty Ltd
Level 21,
500 Collins Street,
Melbourne, Victoria 3000

COMPANY INCORPORATED IN VICTORIA

5 July 1979

STOCK EXCHANGE

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

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THE STATEMENTS BELOW ARE IMPORTANT STATEMENTS THAT APPLICANTS SHOULD READ CAREFULLY BEFORE CONTINUING FURTHER

FORWARD LOOKING STATEMENTS

Various statements in this OIS constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this OIS.

APPLICATION FOR LISTING ON NSX

Application will be made for Official Quotation of the securities offered under this OIS on National Stock Exchange of Australia Limited ("NSX"). The fact that NSX may list the securities is not to be taken in any way as an indication of the merits of the Company or the Shares or the Options. NSX takes no responsibility for the contents of this OIS, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of this OIS.

SUITABILITY OF INVESTMENT AND RISK FACTORS

Before deciding to invest in the Company, potential investors should read the entire OIS, in particular, the summary of the Company's high risk petroleum exploration business and activities in Section 2 and the risk factors in Section 6. They should carefully consider these factors in the light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer, licensed financial adviser or other professional adviser before deciding to invest in any securities that are the subject of this OIS.

CHAIRMAN’S INVITATION

Dear Members and Investors

On behalf of the Directors of Exoil Limited (“Exoil” or “the Company”), I am pleased to present this Offer Information Statement (“OIS”) to you as either an existing or as a potential new investor in the Company (“Applicants”).

This offer of new Shares (and Accompanying Options) is being made to raise up to $5,077,526, to be used principally to fund the Company’s work programme commitments in the WA-333-P and WA-342-P permits offshore from Western Australia and, more specifically, to meet the relevant share of costs of drilling the Braveheart-1 well and the Cornea 3 appraisal well.

The Offer is to be made to Members, in the first instance, by way of a non-renounceable pro rata entitlement issue of 50,775,263 Shares at an Issue Price of $0.10 (10 cents) each on the bases that:

- Members of Exoil will have an entitlement to apply for one Share for every share held at 5:00 pm (ADST) on 12 November 2009, being the Record Date to determine entitlements to the Issue, and
- for every five (5) Shares allotted, the Applicant will also be granted, free of cost, four (4) Options.

Each Option entitles the Optionholder to acquire an ordinary share in the Company at an exercise price of $0.12 (12 cents) and will be exercisable at any time on or before 30 June 2012.

The ratio of Options to Shares being offered has been chosen so as to ensure that the total maximum amount that might be raised by the Issue remains below the statutory limit for an OIS of $10,000,000. With options being granted on the above basis, the maximum raised from the Issue (including on exercise of Options, is approximately $9,951,950.

The Issue is partially underwritten, to an amount of $3,077,526 (Underwritten Amount), by Great Missenden Holdings Pty Ltd (GMH), a company in which one of my fellow Directors, Mr EG Albers, is a director and shareholder.

Applicants should note, from an announcement made by the Company on 4 November 2009, that the Company has agreed, by two separate agreements, to sell an aggregate 13.00% interest in WA-342-P (containing the Cornea oil and gas accumulation) for an aggregate amount of $3,133,000, subject to the Members of the Company approving that transaction. The sales were made on the terms set out in clause 1.5 in Section 7 below, which your directors consider to be reasonable. A general meeting will be convened to approve the transactions as required by the Listing Rules of NSX.

The proceeds of sale of the interest in WA-342-P together with the proceeds of the Issue and the capacity to draw down loan funds under the Loan Facility, referred to below, should enable the Company to meet its obligations to fund the Braveheart-1 well and the Cornea 3 Appraisal well.

As a condition of the sales of the interests in WA-342-P, GMH is also making the Loan Facility available to the Company. The terms of the Loan Facility Agreement are detailed in clause 1.4 in Section 7, but, briefly, are that GMH will advance the Company <u>up to</u> that amount which is the difference between the amount actually raised under the Issue and the full amount of the Issue (the Shortfall Amount).

By the above means, the Company and its wholly-owned subsidiaries (the Group) will have funding available to it equal to that amount which will be available if the Issue is fully subscribed.

The amount actually advanced to the Company under the Loan Facility will be that portion of the Shortfall Amount which might be needed by the Company to assist the Company to meet its obligations to fund the drilling of the Braveheart-1 well and the Cornea 3 Appraisal well to the extent those funds are not available from other sources. Any funds so advanced will be secured by way of a first ranking mortgage debenture charge over the assets of the Company.

Additionally to the three Browse Basin permits containing the Braveheart prospect and the Cornea oil and gas accumulation, the Group holds interests in nine other petroleum exploration permits, all of which are in the offshore waters of Australia. One (WA-359-P) is located offshore of Western Australia in the Carnarvon basin and the other eight are located offshore of south-eastern Australia; with two in the offshore Gippsland Basin (Vic/P45 and Vic/P53), two in the Bass Basin (T/37P and T/38P) offshore of northern Tasmania and the remaining four in the offshore Otway Basin (EPP 34, EPP 35, EPP 36 and Vic/P61).

Section 2 contains a review of the activities of the the Group. There is a high level of exploration and other risks associated with the Company's activities.

All Applicants should read this entire OIS and take particular notice of the financial position of the the Group, its joint venture arrangements, proposed exploration, drilling and development programmes, relevant technical information and the risks that are set out or referred to throughout this OIS and, more specifically, in Section 6. All of these factors will affect the future operations and activities of the Group. You should carefully consider these factors in the light of your personal circumstances (including your financial capacity and your investment and risk profile) and, if necessary, seek professional advice from your accountant, stockbroker, lawyer, licensed financial adviser or other professional adviser before deciding to invest in the Shares (and Accompanying Options) offered by this OIS.

It has always been and remains Exoil's objective to provide Members with access to the potential for a just reward in return for the high level of financial risk that attaches to oil and gas exploration. While the Board will always strive to reduce and manage risk, a high level of risk is inherent in most aspects of the Group's activities.

The Board invites you to subscribe for Shares (and Accompanying Options) under the Offer.

Yours faithfully

JMD Willis
Chairman

9 November 2009

SECTION 1
DETAILS OF THE OFFER

THE OFFER

Before making a decision to invest in or subscribe for securities, Applicants should read this OIS in full, with particular regard to the risk factors and their own investment parameters and, as necessary, they should seek independent professional advice from appropriate advisers. An investment in the Company should be considered as a speculative investment.

ENTITLEMENTS OFFER

The Offer is an offer of 50,775,263 new Shares with Accompanying Options (on the basis that for every five (5) Shares subscribed for Applicants will be granted free of cost four (4) Options with fractional entitlements to Options being rounded to the nearest whole Option. The Offer is, in the first instance, a non-renounceable entitlements issue pursuant to the Corporations Act 2001 ("the Act") and this OIS will be sent to all Members of the Company as at the Record Date (5:00 pm ADST on 12 November 2009). The OIS will also be available from the Company's website www.exoil.net.

The Offer is to be made to Members, in the first instance, by way of a non-renounceable pro rata entitlement issue of 50,775,263 Shares at an Issue Price of $0.10 (10 cents) each on the bases that:

- Members of Exoil will have an entitlement to apply for one Share for every share held at 5:00 pm (ADST) on 12 November 2009, being the Record Date to determine entitlements to the Issue with each Share being issued at an issue price of $0.10 (10 cents) ("Issue Price"), and

- for every five (5) Shares allotted, the Applicant will also be granted, free of cost, four (4) Options.

The ratio of Options to Shares being offered has been chosen so as to ensure that the total amount that might be raised by the Issue remains below the statutory limit for an OIS of $10,000,000. With Options being granted on the above basis, the maximum that can be raised from the Issue (including on exercise of Options, is approximately $9,951,950.

The terms of the Shares to be issued under the Offer and the terms of the Options are as set out in clauses 2.1 and 2.2 in Section 7.

An Entitlement and Acceptance Form, which sets out each Member's entitlement to Shares (and Options), will accompany this OIS. See details later in this Section 1.

SHORTFALL OFFER

The Shortfall Offer is open to all existing Members and to any other investor to subscribe for Shares to the extent of any Shortfall arising out of the Entitlements Offer referred to above. The Entitlement and Acceptance Form makes provision for Members to apply for additional Shares (and Accompanying Options) under the Shortfall Offer.

Applications under the Shortfall Offer from persons who are not Members must be made on the general Application Form attached to this OIS and must be for a minimum of 20,000 Shares ($2,000) and must thereafter be in multiples of 2,000 Shares ($200).

The Directors may reject any Application made under the Shortfall Offer or allocate fewer Shares than the Applicant has applied for.

ENTITLEMENT AND ACCEPTANCE FORMS FOR USE BY MEMBERS

Accompanying this OIS, and for use by Members, is a personalised Entitlement and Acceptance Form that sets out the appropriate Member's entitlement to Shares (and Accompanying Options). The Entitlement and Acceptance Form makes provision for Member to apply for additional shares under the Shortfall Offer.

There is no minimum subscription for Members subscribing for their entitlement which may be taken up in whole or in part.

GENERAL APPLICATION FORM FOR USE BY NON-MEMBERS

Attached to and forming part of this OIS is a general Application Form for all persons other than Members of the Company.

MINIMUM APPLICATION AMOUNT FOR GENERAL APPLICATIONS

For Applications using the general Application Form, the minimum subscription is application for 20,000 Shares at an aggregate issue price of $2,000 and thereafter in multiples of 2,000 Shares ($200).

OPENING AND CLOSING OF THE OFFER

The Offer will open at 9:00am (ADST) on Friday 13th November 2009 and, subject to the right of the Directors to extend it; will close at 5:00pm (ADST) on Tuesday 8 December 2009 ("Closing Date"). Subject to the requirements of the Act, the Directors reserve the right to extend the Closing Date without prior warning.

EXPOSURE PERIOD

In accordance with Chapter 6D of the Act this OIS is subject to an Exposure Period of seven days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this OIS to be examined by market participants prior to the raising of funds. If this OIS is found to be deficient, applications received during the Exposure Period will be dealt with in accordance with section 724 of the Act. Applications received prior to the expiration of the Exposure Period will not be processed until after the expiry of the Exposure Period.

No preference will be conferred on applications received during the Exposure Period and all applications received during the Exposure Period will be treated as if they were simultaneously received immediately after the expiry of the Exposure Period.

SPECULATIVE NATURE OF OFFER AND PROJECTS AND RELEVANT RISK FACTORS

Applicants should have regard to the high risk, speculative nature of the Company's projects and exploration activities and to the risks discussed in Section 6.

Applicants should understand that exploration for oil and gas is both speculative and subject to a high level of risk and that, unless the Company makes a commercial discovery in one or other of its permits, Applicants could lose the entire value of their investment.

Applicants should read this OIS carefully, and in its entirety, with emphasis on the risk factors detailed in Section 6, before deciding to invest in the Company.

MINIMUM SUBSCRIPTION

There is no minimum subscription level or amount.

UNDERWRITING AND COMMISSION

The Offer is underwritten to an amount of $3,077,526 ("Underwritten Amount") by Great Missenden Holdings Pty Ltd ("GMH"). The underwriting obligation is unconditional. Under the Underwriting Agreement, GMH as the Underwriter will be paid a management fee of $25,000 and will be entitled to be paid an underwriting fee equivalent to 4.5% of the Underwritten Amount of the Issue. These amounts will be paid from the proceeds of the Issue and are taken into account in the details of the Costs and Expenses of the Issue set out later in this Section 1.

Under the Underwriting Agreement, if the Issue raises less than the Underwritten Amount, the Company must notify GMH as Underwriter of the difference between the funds raised by the Issue and the Underwritten Amount within two (2) Business Days after the close of the Issue and GMH must, within a period of not more than three (3) Business Days thereafter, provide to the Company an Application for that number of Shares (and Accompanying Options) which, at the Issue Price, equals the full amount of that difference accompanied by the Application Moneys for those Shares (and Accompanying Options).

Under the Underwriting Agreement, where a holder of an Australian Financial Services Licence ("Broker") lodges an Application for Shares (and Accompanying Options) and the Applicant is issued Shares and Accompanying Options, the Broker will be paid, direct by the Company and at the direction of GMH, commission of 3.5% of the Issue Price of the Shares the subject of that successful Application. Any such commission will be paid to all such Brokers at the same time as underwriting commission is paid to GMH. Any moneys paid to Brokers as commission will be deducted from the underwriting fee paid to GMH so that total fees do not exceed 4.5%.

Additionally, Applications for Shares (and Accompanying Options) lodged by the Underwriter or any Associate of the Underwriter (within the meaning of the Act) will be in satisfaction or part satisfaction of the Underwriter's obligations.

LOAN FACILITY

Under the Loan Facility Agreement, GMH has agreed to provide the Company with a loan facility under which the Company may, on short notice, draw down an amount up to the Shortfall Amount, which would be a maximum amount of $2,000,000, if necessary to meet the costs of drilling the Braveheart-1 well and the Cornea 3 Appraisal well.

Any funds advanced under the Loan Facility will be repayable only from the proceeds of future share issues, including exercise of options, from proceeds of farmouts or sales of assets and generally from any funds receivable by the Company until the debt is repaid. The loan would bear interest at the rate charged by National Australia Bank Limited on bank overdraft rates of amounts of over $100,000 with interest to be paid quarterly in arrears and, if not paid, interest will be capitalised and added to the principal amount.

IMPORTANT DATES

OIS lodged with ASIC	9 November 2009
Record Date to determine entitlements to the Issue	12 November 2009
Opening Date	13 November 2009
Closing Date – Latest date for acceptance and payment in full	14 December 2009
Allotment Date of the Shares and Options	By 18 December 2009
Despatch of Transaction Confirmation Statements	By 21December 2009

These dates are indicative only. The Company reserves the right to extend the Closing Date in which case the Allotment Date will change accordingly.

SOURCE AND APPLICATION OF FUNDS

The costs and expenses of the Offer and the application of the funds raised are estimated to be as set out below:

Costs and Expenses of the Offer (exclusive of GST):	**Amount $**
Underwriting Management Fee	25,000
Underwriting Commission	138,038
Printing	15,000
Share registry, postage and sundry	5,000
Legal and other fees	15,000
Total Costs and Expenses	**$198,038**

Application of Funds from the Offer:

Compared with the Group's current cash resources and assets, the total funds being raised by the Issue are significant.

The primary use of the funds raised is to meet the Company's work programme commitments in the WA-333-P and WA-342-P permits offshore from Western Australia and, in particular, to meet the Group's share of costs of drilling the Braveheart-1 exploration well and the Cornea-3 appraisal well as specified below.

The balance of funds raised will be applied to meeting the costs of the Issue and other working capital and expenditure requirements related to existing work programmes for its permits described in Sections 2 and 5.

The Source and Application of Funds Statement set out below assumes that the Braveheart-1 well and the Cornea 3 appraisal well will each be drilled at the currently estimated costs of those wells. For a wide range of reasons this may not be so.

Members are referred to the risk factors in Section 6 and, particularly, to the risk factor dealing with sufficiency of funding.

SOURCE AND APPLICATION OF FUNDS

Source of Funds	**Amount $**
Funds available from the Company's own resources as at 31 October 2009	140,664
Proceeds of sale of an aggregate 13% interest in WA-342-P (subject to Members approval)	3,133,000
Proceeds of the Issue and/or Loan Facility (assuming full draw down)	5,077,526
Total Available Funds	**$8,351,190**
Application of Funds raised and Expenditure Commitments to 30 June 2010	
Costs of the Offer	198,038
Estimated cost of funding 25.375% of the cost of the Braveheart-1 well	3,882,375
Estimated cost of funding 16.75% of the cost of the Cornea 3 appraisal well	4,036,750
Additional Working capital generally	234,027
Total Application of Funds	**$8,351,190**

OVERSEAS SHAREHOLDERS

This OIS does not constitute an offer in any jurisdiction outside of Australia and New Zealand or to any person to whom it would not be lawful to issue this OIS. Nominees applying for Shares on behalf of overseas residents are responsible for ensuring that such an Application does not breach any regulation applicable to any such overseas resident.

Lodgement of Applications accompanied by the relevant Application Money will be taken by the Company to constitute a representation from the Applicant that no breaches of any such regulations have occurred. Applicants who are nominees or persons proposing to act as nominees should seek independent advice as to how they should proceed.

ACCEPTANCE OF APPLICATIONS FOR SHARES

If an Application Form or an Entitlement and Acceptance Form is not completed properly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. The decision of the Company as to whether to treat any application for Shares (and Accompanying Options) as valid or how to construe it will be final. The Directors may complete any blanks or spaces left in any Entitlement and Acceptace Form or other Application Form and the Applicant, by lodging same, appoints the Directors, and each of them, as its joint and several attorneys for such purpose and authorises all such amendments, insertions and alterations.

The Directors' decision whether to treat any Application as valid and how to construe, amend or complete the Entitlement and Acceptace Form or other Application Form is final. However, an Applicant will not be treated as having applied for more Shares (and Accompanying Options) than can be subscribed for by the amount of the cheque for the Application Money.

A completed and lodged Application, together with a cheque for the Application Money, constitutes a binding and irrevocable Application for the number of Shares (and Accompanying Options) specified in the Application or any lesser number allotted by the Company.

PAYMENT FOR SHARES

The Application Moneys for the Shares the subject of the Issue are payable in full on application. Cheques must be made out in Australian currency. Cheques in Australian currency forwarded to the Company in Australia must be made payable to "**Exoil Share Subscription Account**" and be crossed "**Not Negotiable**".

ALLOTMENT

The Directors will proceed to allotment of the Shares and Options the subject of this OIS as soon as possible after the Closing Date conditional upon the members in General Meeting approving the sale of an aggregate 13% interest in WA-342-P on the terms set out in clause 1.5 in Section 7 below. If the members do not approve that transaction the Company will refund all Application Moneys in accordance with the Act. It is anticipated that the General Meeting to consider, and if thought fit, approve the proposed transaction will be held on or about 8th December 2009

No Shares or Options will be allotted or issued on the basis of this OIS later than thirteen (13) months after the date of this OIS.

Applicants should note that, subject to the Directors alloting Members their entitlements to Shares (and Accompanying Options) pursuant to the Offer, the Directors reserve the right to reject any Application and/or to allot a lesser number of Shares (and Accompanying Options) than are applied for. If the number of Shares (and Accompanying Options) allotted is less than the number applied for, the surplus Application Money will be refunded to the Applicant within 14 days of the Allotment Date.

In accordance with the provisions of the Act, all Application Money shall, pending allotment and issue of the Shares (and Accompanying Options) pursuant to the Offer, be held by the Company in trust in a bank account established solely for the purpose of depositing Application Money received. Any interest earned on those moneys shall be to the account of the Company.

Assuming that members approve the sale of an aggregate 13% interest in WA-342-P on the terms set out in clause 1.5 in Section 7, Shares and Options will be issued and allotted within 3 Business Days after that date and Transaction Confirmation Statements despatched as soon as practicable thereafter.

It is the responsibility of Applicants to determine their allocation of Shares (and Accompanying Options) prior to dealing in those securities. Any Applicants who sell or otherwise deal in any Shares or Options before they receive their Transaction Confirmation Statements will do so at their own risk.

ELECTRONIC OIS

This Offer Information Statement may be viewed and downloaded online at the website www.exoil.net. Pursuant to Class Order 00/44 and subject to compliance with certain provisions, ASIC has exempted compliance with certain provisions of the Act to allow distribution of an electronic OIS on the basis of a paper OIS lodged with ASIC and the issue of Shares in response to an electronic application form.

If you have received this OIS as an electronic OIS, please ensure that you have received the entire OIS accompanied by the requisite Application and Acceptance Forms. If you have not, please contact the Company by telephone: +61 (0)3 8610 4700 or facsimile: +61(0)3 8610 4799 or by email at admin@exoil.net and you will be forwarded, free of charge, either a paper copy or a further electronic copy of the OIS as requested by you. Notwithstanding that you may receive this OIS electronically; there is no facility for Applications to be accepted electronically. Neither the Entitlement and Acceptance Form accompanying this OIS or the Application Form in this OIS may be circulated or handed on to prospective investors unless accompanied by a complete and unaltered copy of this OIS and any supplementary OIS which may hereafter be issued.

Each of the Entitlement and Acceptance Form which accompanies this OIS and the Application Form contained in this OIS contain a declaration that the Applicant has personally received the complete and unaltered OIS prior to completing the Application Form.

The Company reserves the right to not accept an Application from a person if it has reason to believe that, when that person was given access to the Entitlement and Acceptance Form or the Application Form (whether in hard paper form or electronic form), they were not provided with the OIS or any relevant supplementary OIS or replacement OIS or any of these documents were incomplete or altered. In any such case the Application Money received will be dealt with in accordance with section 722 of the Act. While it is unlikely that an electronic copy of the OIS will be tampered or altered, the Company cannot give any absolute assurance that it will not be the case and any Applicant with doubt concerning the validity or integrity of an electronic copy of the OIS (or any supplementary OIS) should immediately request a paper copy of the OIS directly from the Company.

APPLICATION FOR QUOTATION OF SECURITIES OFFERED BY THIS OIS

The Company is presently listed on National Stock Exchange of Australia Limited ("NSX"). Application will be made for Official Quotation of the securities offered under this OIS on NSX. The fact that NSX may list the securities is not to be taken in any way as an indication of the merits of the Company or the Shares or the Offer Options. NSX takes no responsibility for the contents of this OIS, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of this OIS.

CHESS

The Company participates in the Clearing House Electronic Sub-register System ("CHESS"), in accordance with NSX Listing Rules and operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of Shares and Options. Consequently, the Company will not issue certificates to securityholders but they will be provided with a Transaction Confirmation Statement, similar to a holding statement, which will set out the number of Shares and Offer Options allotted to them under this OIS. At the end of the month of allotment, CHESS (acting on behalf of the Company) will provide securityholders with a holding statement that confirms the number of securities held. A holding statement or transaction confirmation statement, whether issued by CHESS or the Company, will also provide details of a securityholder's Holder Identification Number (in the case of a holding on the CHESS sub-register) or Securityholder Reference Number (in the case of a holding on the issuer-sponsored sub-register). Following distribution of these initial statements to all securityholders, a holding statement will be provided to each securityholder at the end of any subsequent month during which the balance of that securityholder's holding of securities changes.

TAXATION AND STAMP DUTY IMPLICATIONS

Applicants should seek their own independent advice in relation to matters relating to the operation of taxation and stamp duty laws. The Company is unable to give advice on taxation matters generally, as each Applicant's position will relate to their own specific circumstances. Applicants should satisfy themselves of possible taxation consequences of purchases and sales of securities by consulting their own professional tax advisers.

SUITABILITY OF INVESTMENT

Before deciding to invest in the Company, Applicants are strongly recommended to read this OIS document carefully and in its entirety, with particular emphasis on the Company's business and activities described in Section 2 and the risk factors described in Section 6. Applicants should understand that exploration for oil and gas is both speculative, high risk and subject to a wide range of risks. Applicants should also understand that the bulk of the funds being raised by this Issue are committed to drilling the Braveheart-1 well and the Cornea 3 appraisal well and that, even if one or more of those wells are successful, the Company will still thereafter require to raise additional funds to enable it to participate in subsequent drilling programmes to maintain its interests in the relevant permits.

Applicants should consider the above matters in light of their personal circumstances (including financial and taxation affairs), their own risk profiles and their investment parameters and, as necessary, seek professional advice from their accountant, stockbroker, lawyer, licensed financial adviser or other professional adviser before deciding whether to apply for Shares.

ENQUIRIES

If you have any enquiries as to the terms of the Offer then please contact the Company Secretary at the address set out in the corporate directory that can be found on the inside of the front cover of this OIS.

THE SONGA VENUS

Below, a photograph of the semi-submersible drilling vessel – Songa Venus – to be used to drill the Braveheart-1 and Cornea 3 appraisal wells. This is not an asset of the Company

The Company presently holds interests in twelve petroleum exploration permits, all of which are in the offshore waters of Australia. Four are located offshore of Western Australia; three of those in the Browse Basin (WA-332-P, WA-333-P and WA-342-P) and one in the Carnarvon basin (WA-359-P). The other eight are located offshore of south-eastern Australia; with two in the offshore Gippsland Basin (Vic/P45 and Vic/P53), two in the Bass Basin (T/37P and T/38P) offshore of northern Tasmania and the remaining four in the offshore Otway Basin (EPP 34, EPP 35, EPP 36 and Vic/P61). Details of these permits, the current work activities and our future intentions in each one are provided in this Section.

WA-332-P & WA-333-P: BRAVEHEART PROSPECT: BROWSE BASIN

Exoil's 25.375% interest in each of WA-332-P and WA-333-P is held by Braveheart Resources Pty Ltd. The Operator of the Braveheart Joint Venture is Hawkestone Oil Pty Ltd, also a wholly-owned subsidiary of Exoil. The permits are held by the Braveheart Joint Venture, comprising the following parties:

Permit Holder	Parent Entity (as applicable)	Percentage Interest
Browse Petroleum Pty Ltd	Gascorp Australia Pty Ltd	40.375%
Braveheart Resources Pty Ltd	Exoil Limited	25.375%
Braveheart Oil & Gas Pty Ltd	Australian Oil & Gas Corporation	14.500%
Braveheart Petroleum Pty Ltd	Batavia Oil & Gas Pty Ltd	12.500%
Braveheart Energy Pty Ltd	Goldsborough Limited	7.250%

Set out below is a stratigraphic column showing stratigraphy of the Browse Basin, previously referred to herein, in which permits WA-332-P, WA-333-P and WA-342-P are located.

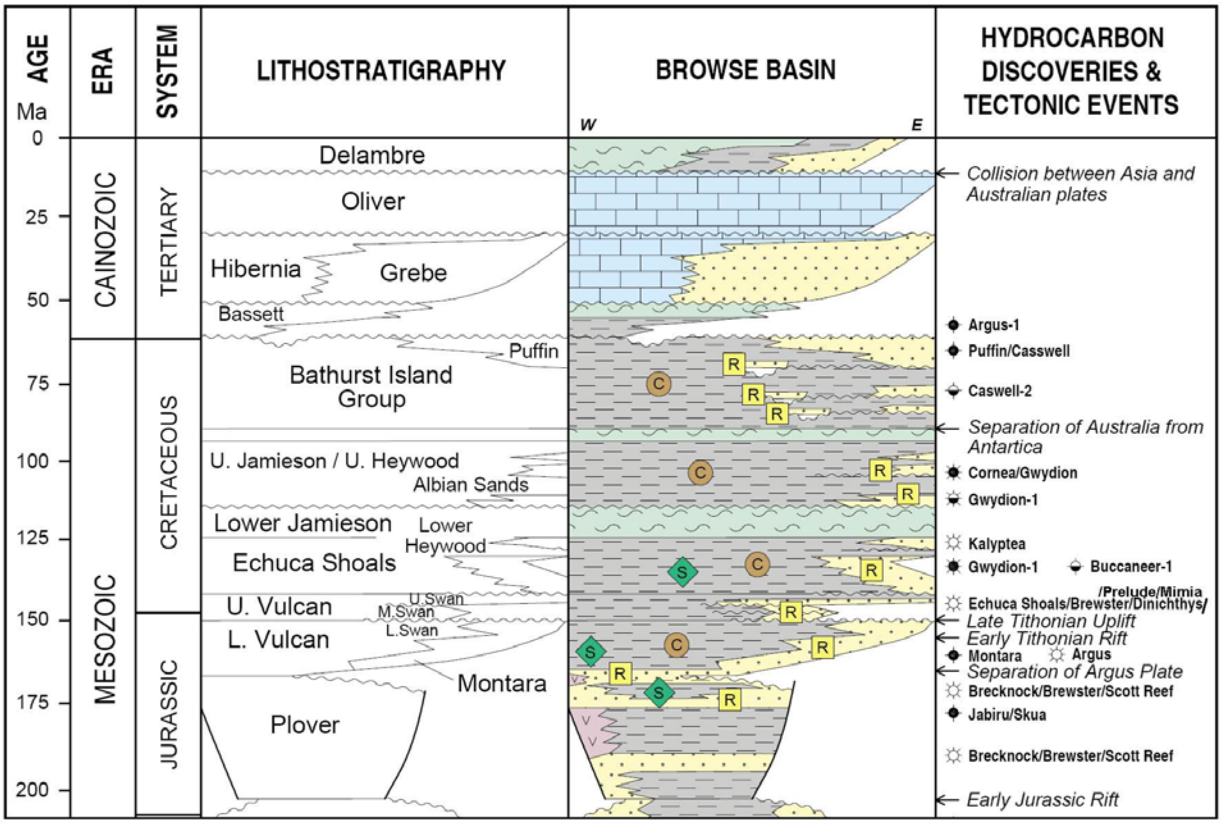


Figure – Browse Basin Stratigraphy

Braveheart Prospect

The Braveheart-1 well is to be drilled into the Braveheart Prospect by the Songa Venus semi-submersible rig in late 2009 from a location in WA-333-P. The Braveheart Prospect straddles the two permits WA-332-P and WA-333-P (see Figure 1) and is highlighted by both an amplitude and AVO anomaly of over 300 km^2. (See Figures 3 and 6 below).

The WA-332-P and WA-333-P permits, and the Braveheart Prospect in particular, are covered by numerous 2D surveys, including modern, good quality, high resolution 2D seismic acquired by the Operator in 2005/06 and 2008. These seismic surveys have been brought together as one unified grid that completely covers the Braveheart Prospect.

The Braveheart Prospect is located above the western footwall of the Rob Roy Graben. The reservoir target is Barremian *M. australis* submarine fan sandstones of the Echuca Shoals (Lower Heywood) Formation. It was first defined on the Braveheart 2D seismic acquired in 2005/6 and further confirmed on the Braveheart Infill 2D seismic acquired in 2008. It comprises a prominent amplitude anomaly that was shown to possess an amplitude versus offset (AVO) anomaly, suggestive of (but not definitive of) the presence of hydrocarbons. (See Figure 6).

Seismic interpretation of the Braveheart Prospect indicates that it is a stratigraphic trap, related to the up-dip pinchout of the *M. australis* sandstone reservoir of the Echuca Shoals (Lower Heywood) Formation against the *M. australis* sequence boundary. The depositional model and geometry of the reservoir used in the interpretation of this prospect is a submarine fan play deposited at the base of a palaeo-slope during a period of lower seal-level or as a result of slope failure. (See Figure 4). In either case a good reservoir is postulated, as suggested by the sandy reservoir of the same age penetrated by Asterias-1, drilled 75 km to the north of the Braveheart Prospect.

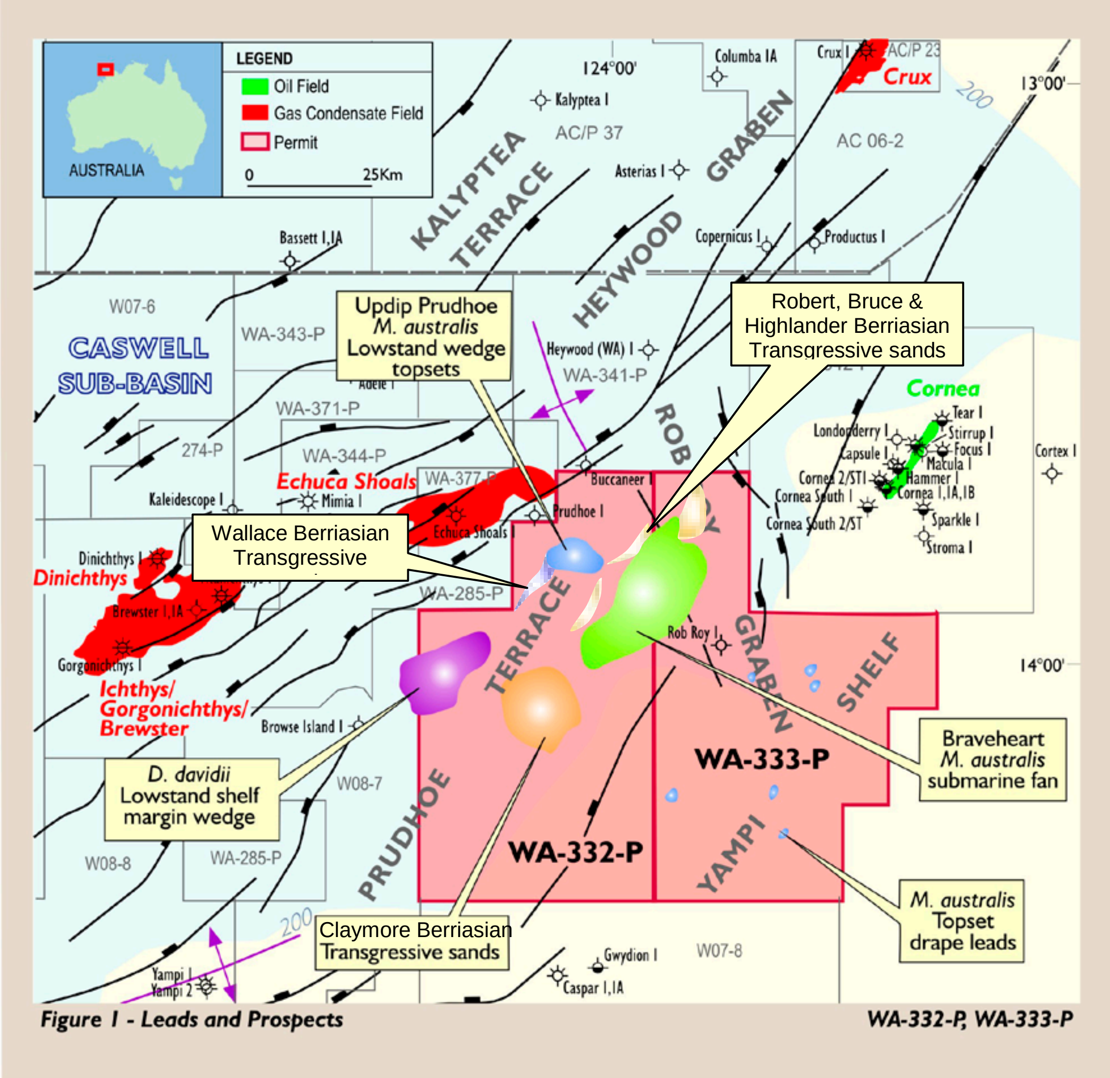
The main uncertainty related to the Braveheart Prospect is the presence of effective top and base seal and the presence of thief sandstones on the slope breaching the pinchout trap. Good seals are usually deposited in quiet, deep marine environments. The height of the palaeo-slope up-dip of the Braveheart Prospect, estimated from flattening seismic sections, is in the order of about 75m below the shelf break, which itself was probably more that 50m below sea-level. Consequently, fine grained sediments are predicted to have been deposited near the base of the slope below the submarine fan and forming the base seal, similar to the base of slope sediments penetrated by the Rob Roy-1 well.

The submarine fan is interpreted to have been overlain by a younger *M. australis* shelf regression that built out to the north-west to just beyond the Prudhoe-1 well location. Here a coarsening-up cycle from marine claystones to shallow marine sandstones has been penetrated. Similar claystones are expected to form the top seal over the Braveheart Prospect, as they were deposited at least 40m below the shelf break, in water depths up to 90m deep. (See Figures 4 and 5 for sequence stratigraphic framework).

The Braveheart Prospect is highlighted by a high amplitude seismic signature (see Figure 7) and this high amplitude area corresponds to the thickest part of the interpreted isopach, which is estimated to represent 32m of potential reservoir sandstone.

A large amount of AVO analysis over a considerable time was performed on the seismic data. While not conclusive, a possible hydrocarbon content can be inferred from the AVO response. Particularly encouraging was that the AVO response terminated at the same two-way-time at both the top and the bottom of the sedimentary unit, suggestive of a common hydrocarbon-water contact. (See Figure 6).

Also, forward modelling, that resulted in the prediction of fluid phase and reservoir parameters, was completed following calibration to the regional wells. This was performed using “Delivery” an open sourced, model based Bayesian seismic inversion software package. The results generally give support to the presence of reservoir quality rocks and also indicate that possible hydrocarbons could be found within the Braveheart Prospect. Seismic line B05-25 (Figure 3) illustrates the strongly northwest structural dip that has been imparted to the Prudhoe Terrace by the collapse of the Browse Basin margin during the Cretaceous and the Tertiary. Figure 3 exaggerates that dip; the true dip being 1.64 degrees.



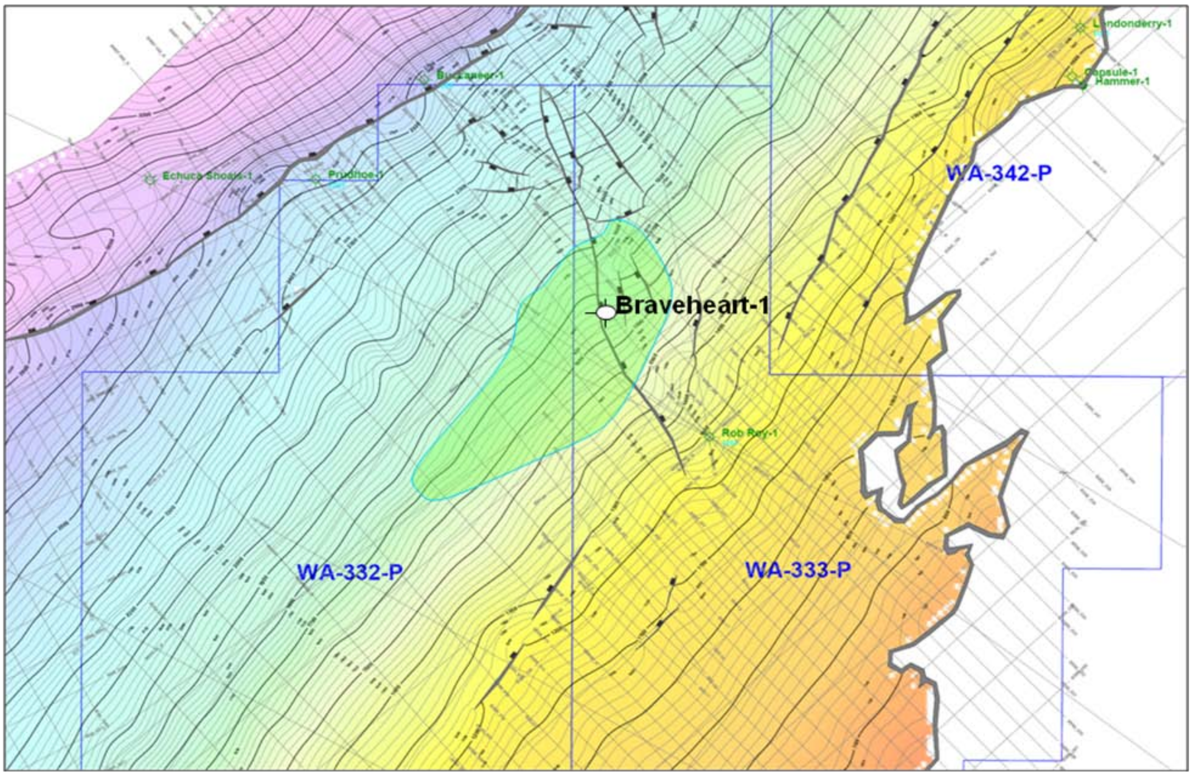


Figure 2 - Braveheart-1 – Well Location

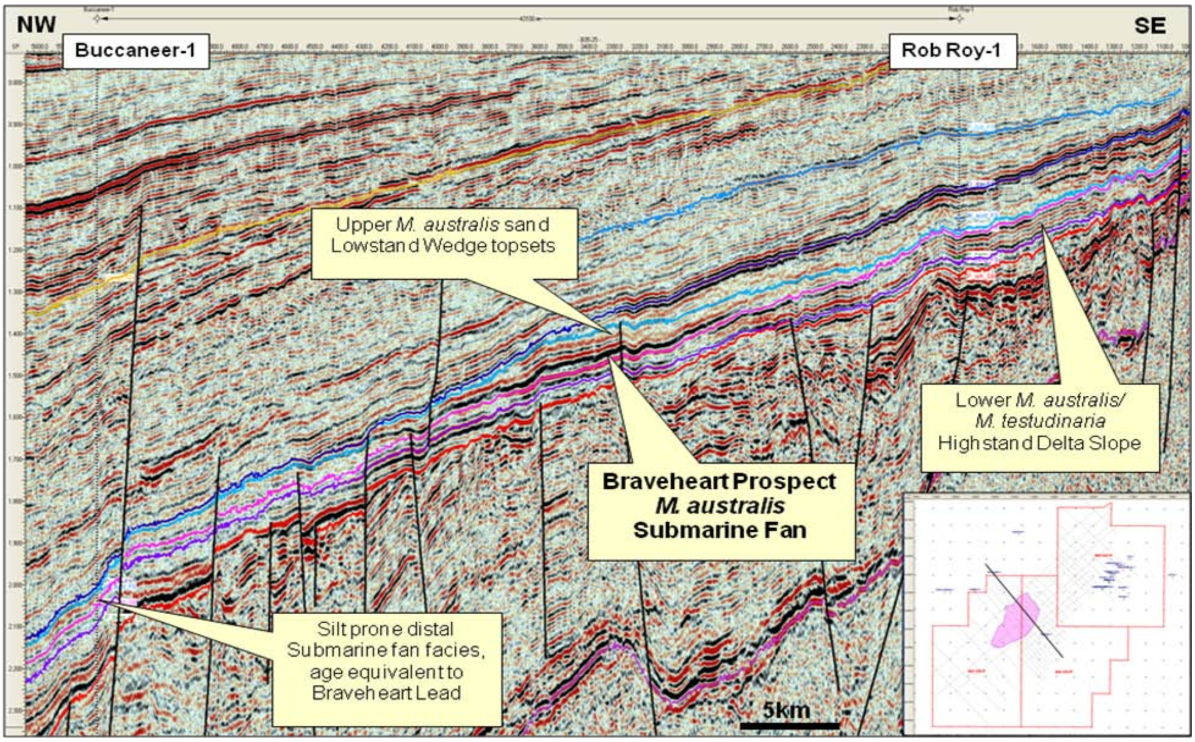


Figure 3 - Illustrating the location of the Braveheart Prospect on seismic line B05-25 and between the Buccaneer-1 and the Rob Roy-1 well locations. The true dip is 1.64 degrees

The Echuca Shoals Formation on the Prudhoe Terrace is dominated by sediments deposited within the *M. australis* palynozone. This zonation has been used to correlate the well data, from which the sequence stratigraphic framework was derived. The time equivalent sediments revealed in other exploration wells in the Browse Basin reveal a propensity for inclusion of sandstones in the *M. australis* sequences, which indicates that large amounts of potential reservoir material was being stripped from the cratonic basement to the east and poured into the Browse Basin during the Barremian.

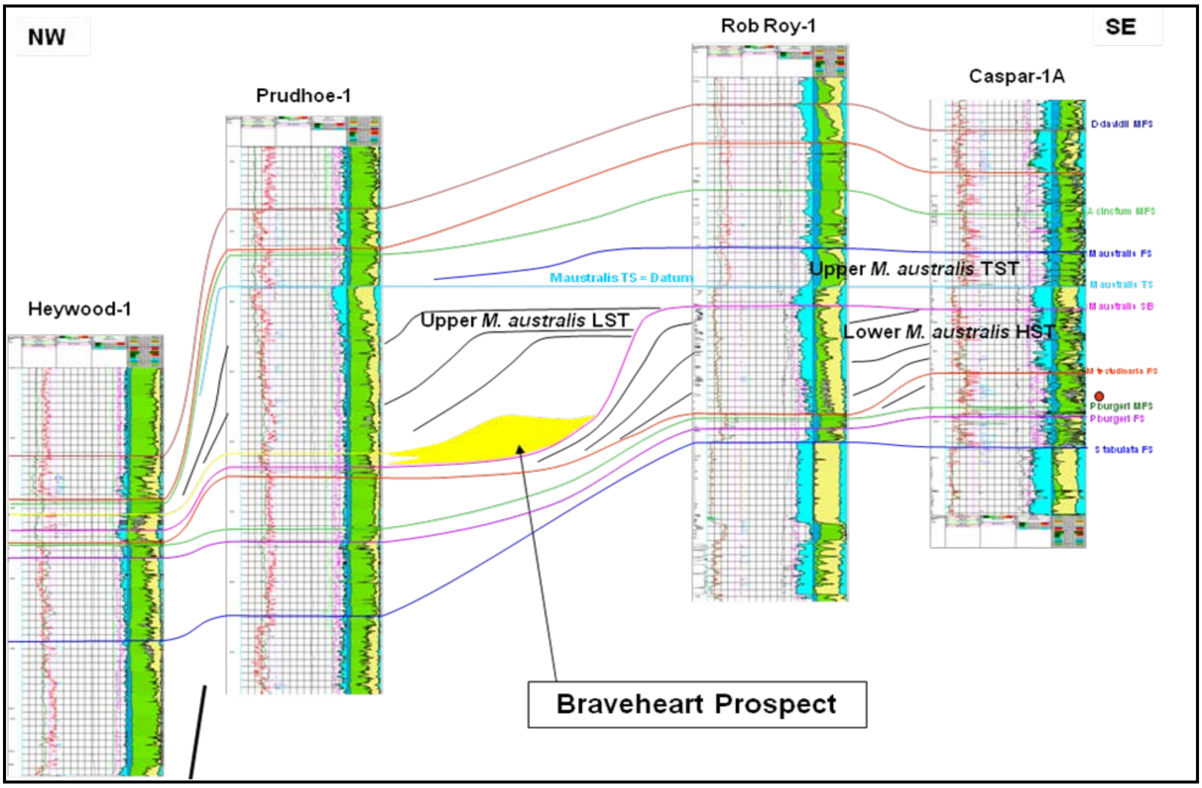


Figure 4 - A sequence stratigraphic framework for the Braveheart Prospect - M. australis submarine fan within the existing well settings.

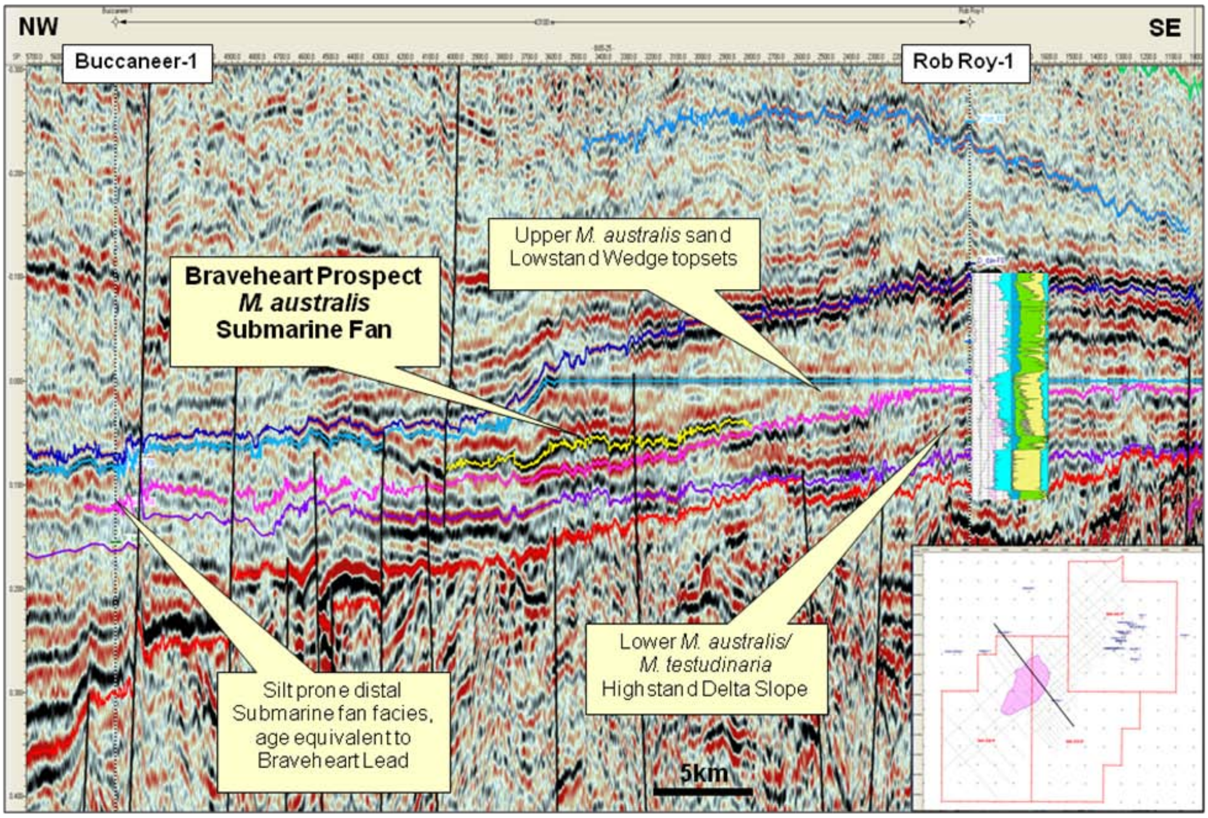


Figure 5 - A re-presentation of seismic line B05-25 illustrating the Braveheart – M. australis submarine fan prospect, with the M. australis topset beds (blue line horizon) flattened to their interpreted original depositional orientation to match the sequence stratigraphic (blue line horizon) in the framework diagram (Figure 4).

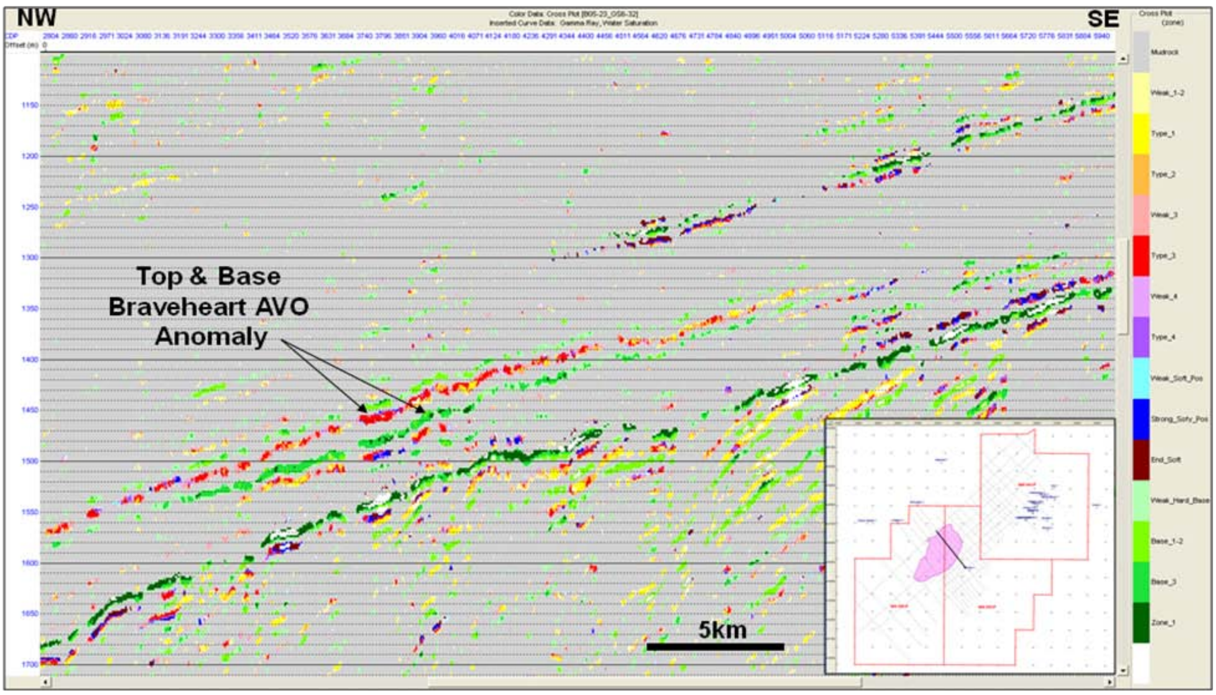


Figure 6 - Illustrating the Braveheart - M. australis AVO Anomaly, as illustrated on seismic line B05-23.

The interpreted submarine fan is also identified on the seismic data by the higher amplitude response recorded by the seismic data compared with the equivalent sequence elsewhere on the Prudhoe Terrace. The overall form of the amplitude anomaly corresponds to what might be expected of a submarine fan deposit lying at the base of an interpreted palaeoshelf edge. The strength of this anomaly and its approximate conformance with the time map suggests that the anomaly is unlikely to be an artifact. (See Figure 7).

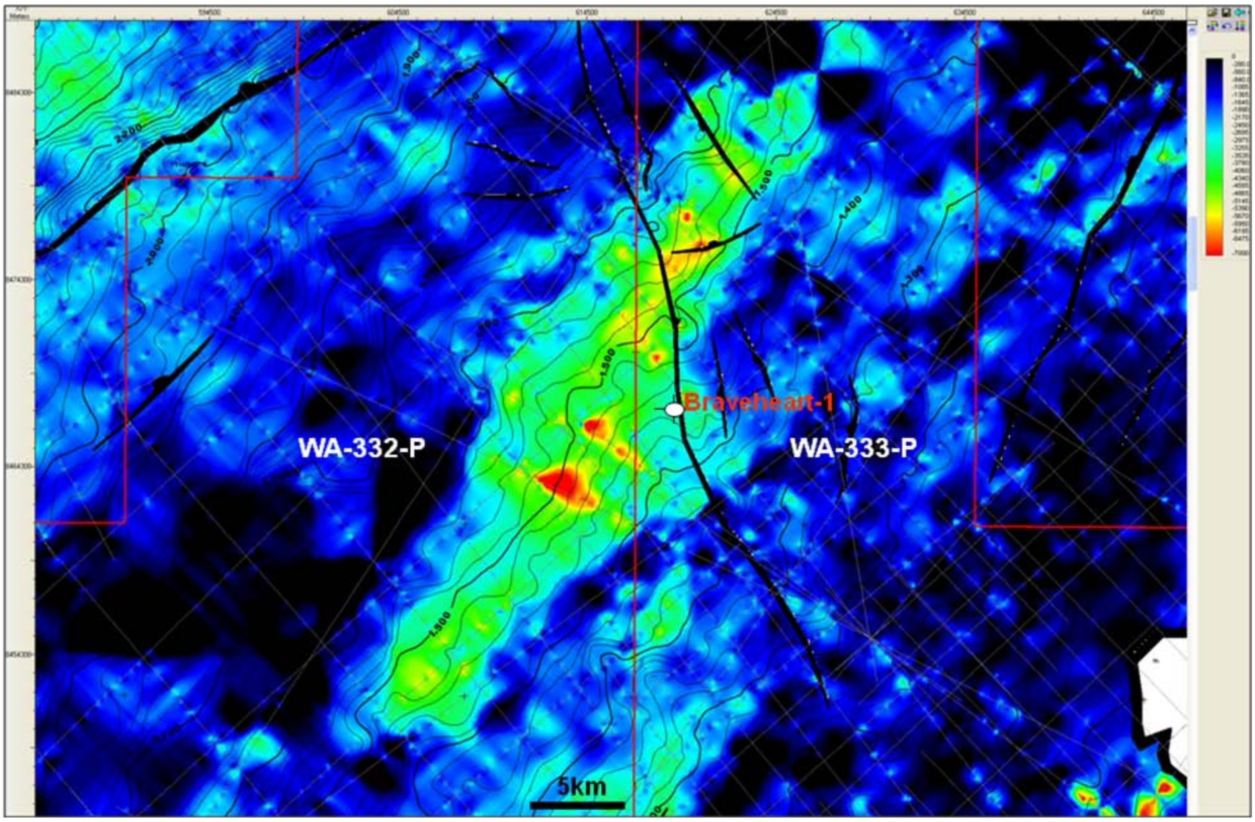


Figure 7 - Illustrating the Braveheart - M. australis submarine fan deposit as it is imaged in the Prudhoe Terrace seismic data set. The higher amplitude response illustrated in this data set is shown in green on the figure above. It is located forward (basinward) of the interpreted M. australis shelf edge.

There appears to be a pronounced base and top amplitude anomaly associated with the Braveheart submarine fan geobody that extends to an interpreted areal distribution of between 200 and 400 km² respectively, while the AVO anomaly extends over an area of 300 km². The downdip limit of the seismic amplitude anomaly, i.e. the north-western edge of the anomaly, representing the top of the interpreted submarine fan sandstone, is shifted basinwards, i.e. north-westwards, with respect to the base amplitude anomaly. This shift can be interpreted as seismic imaging of a hydrocarbon water contact. Geophysical modelling of the AVO anomaly suggests that this is considered more likely to indicate the presence of hydrocarbons (oil, gas or non commercial gas in solution) than sandstone thickness or porosity. Thick, porous Valanginian *S. areolata* and Barremian *M. australis* sandstones penetrated by the Rob Roy-1 well immediately to the south-east did not possess an AVO anomaly.

At the Gwydion-1 location to the south, the Barremian *M. australis* sandstone is the principal oil reservoir in a sub 2 km closure with a 9.5m oil column of 30.5 degree API and an oil in place calculated to be 11.0 MMBL.

Other Leads in WA-332-P and WA-333-P

Updip Prudhoe Stratigraphic Lead

A 45 km² AVO anomaly (Updip Prudhoe) has been identified on the new Braveheart 2D seismic, updip of the Prudhoe-1 well location. (See Figure 1). The anomaly is interpreted to occur in the same water wet Barremian upper *M. australis* sandstones penetrated in the Prudhoe-1 (water wet) well which did not possess an AVO anomaly. The upper *M. australis* sandstones occur near the outer margin of the prograding delta/shelf extension and are overlain and sealed by the marine claystones of the latest Barremian *A. cinctum* transgression.

Wallace Lead

The Wallace Lead (see Figure 1) lies 6 km updip of the Prudhoe-1 well on the outer edge of the Prudhoe Terrace in permit WA-332-P. The trapping mechanism comprises a stratigraphic pinchout immediately above the Base Cretaceous Unconformity. Base seal is provided by the Early Permian

Shales that subcrop the Base Cretaceous Unconformity and top and lateral seal by Berriasian marine transgressive shales. The lead has a mapped closure of 28 km² with the crest at 2,540m subsea and the lowest closing contour is at 2,635m subsea. The reservoir target is shallow marine, Berriasian, P. iehiense sandstones of the Upper Vulcan (Upper Swan) Formation that have been penetrated in Prudhoe-1 between 2,800m and 2,830m where they comprised predominantly medium grained sandstones with up to 17% porosity.

Robert, Bruce and Highlander Leads

The Robert and Bruce Leads (See Figure 1) are located on the Prudhoe Terrace between the Heywood and Rob Roy Grabens. They lie 17 km updip of the Prudhoe-1 and Buccaneer-1 wells in permit WA-332-P. The Highlander Lead (see Figure 1) is situated within the northern end of the Rob Roy Graben, 20 km updip of the Buccaneer-1 well in permit WA-333-P.

The trapping mechanism envisaged for all three leads comprises a stratigraphic pinchout of shallow marine Berriasian, C. delicata sandstones of the Upper Vulcan (Upper Swan) Formation. The reservoir immediately overlies the Base Cretaceous Unconformity and subcrops the Intra Valanginian Unconformity. Base seal is provided by the subcropping Early Permian Shales and top and lateral seal by Valanginian marine transgressive shales. Prudhoe-1 penetrated this play downdip of the pinchout between 2,752m and 2,778m and reported medium grained sandstones with up to 17% porosity. The Robert and Bruce Leads have mapped closure of 18 and 21 km² respectively, with the crest of the pinchouts at about 2,170m subsea and the lowest closing contour at 2,255m subsea. The Highlander Lead is larger, with a mapped closure of 49 km².

The main risk associated with these leads is definition and integrity of the pinchout. The presence of oil updip in the Cornea and Gwydion discoveries indicates that hydrocarbons have migrated across the Prudhoe Terrace from a Heywood Graben source.

Claymore Lead

The Claymore Lead (see Figure 1) is situated on the Prudhoe Terrace approximately 30 km south of the Prudhoe-1 well. The trapping mechanism is again seen as a stratigraphic pinchout of Berriasian transgressive sands.

The main risk associated with this lead is definition and integrity of the pinchout. The Claymore Lead has an AVO anomaly that may indicate the presence of hydrocarbons.

The presence of oil updip in the Gwydion discoveries indicates that hydrocarbons have migrated from the Heywood Graben across the Prudhoe Terrace through the Claymore Lead location.

WA-342-P: CORNEA OIL AND GAS ACCUMULATION: BROWSE BASIN:

Exoil's present 29.75% interest (reducing to 16.75% - see below) is held by Cornea Resources Pty Ltd, a wholly-owned subsidiary of Exoil.

This permit is held by the Cornea Joint Venture consisting of the following parties:

Permit Holder	Parent Entity (as applicable)	Percentage Interest
Cornea Resources Pty Ltd*	Exoil Limited	29.75%
Cornea Petroleum Pty Ltd	Batavia Oil & Gas Pty Ltd	29.75%
Cornea Oil & Gas Pty Ltd	Australian Oil & Gas Corporation	17.00%
Coldron Pty Ltd	Gascorp Australia Pty Ltd	15.00%
Cornea Energy Pty Ltd	Goldsborough Limited	8.50%

* Reducing to 16.75% if the sale of an aggregate13% interest is approved by members on the terms set out in clause 1.5 in Section 7.

The Operator of the Cornea Joint Venture is Hawkestone Oil Pty Ltd.

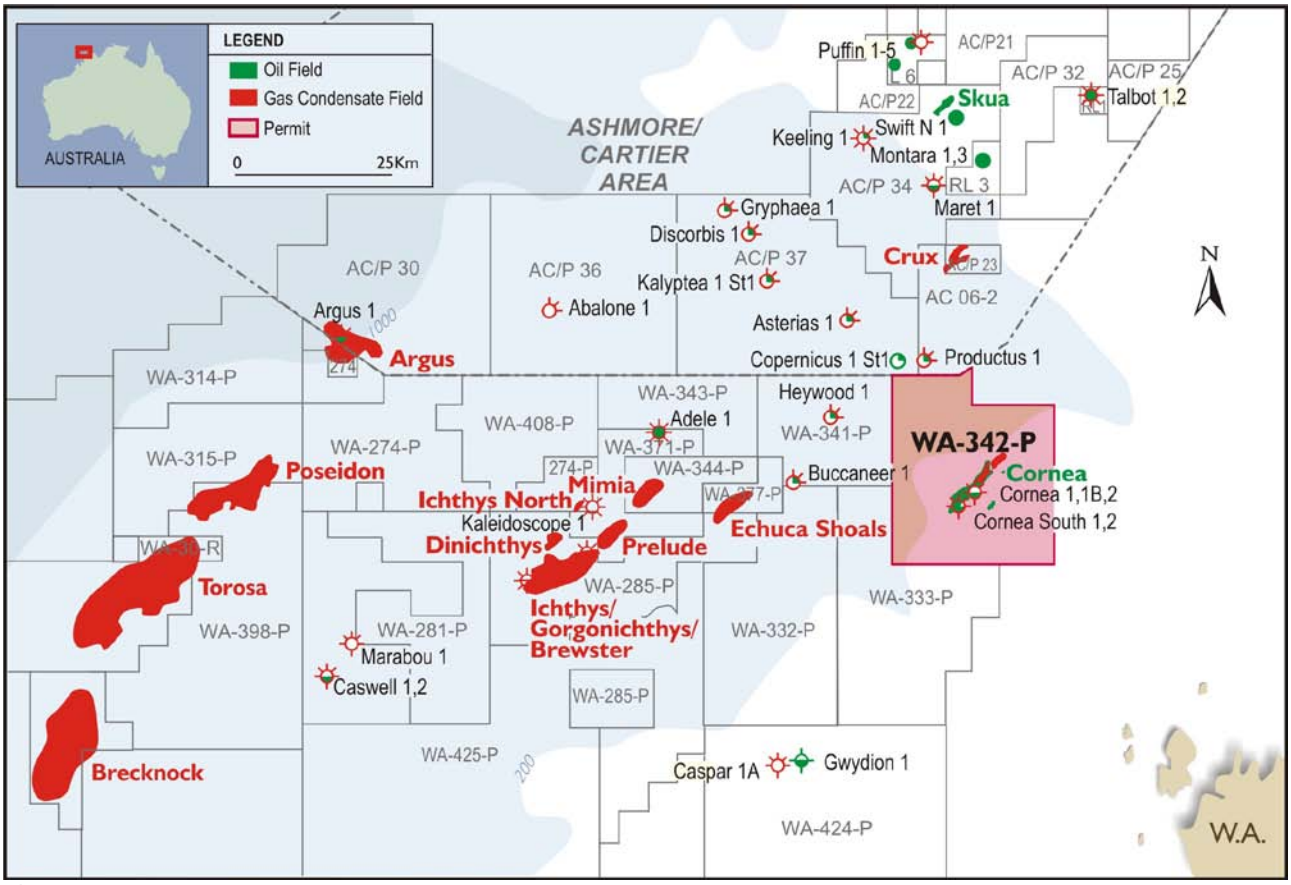


Figure 8 – WA-342-P Tenement Map

The Cornea Field in WA-342-P (see Figure 8) was discovered by Shell Development Australia (Shell) in January 1997 with the drilling of the Cornea-1 discovery well in Permit WA-241-P. The well was drilled on an unfaulted drape anticline over a basement high on the Yampi Shelf and discovered a gas cap that was clearly visible on seismic and an oil leg, both within Early Cretaceous, Middle to Early Albian shallow marine, glauconitic, argillaceous, bioturbated sands of the Jamieson Formation (Upper Heywood Formation of Shell).

Over the following two years Shell conducted appraisal drilling of the Cornea South, Central and North closures that included nine wells and two sidetracks, of which two wells did not reach their intended target and had to be sidetracked or re-spudded. As well as wireline logging, conventional core was obtained in Cornea-2ST1 and Cornea South-1 wells in the Middle Albian reservoir and in basement in Stirrup-1. These cores proved invaluable for defining reservoir properties, as the glauconitic and argillaceous nature of the reservoir sands inhibited evaluation using conventional logging tools. Shell defined several reservoir sand units that they referred to as A, B, C, D Denticulata and E within the Middle to Early Albian Jamieson Formation, of which the B, C and E sand units have the best reservoir properties.

Shell was able to accurately define the gas oil contact for the Cornea Field from sonic and density logs at 745mSS LAT in Cornea North, 760mSS LAT in Cornea Central and 770mSS LAT in Cornea South. However, evaluation of the oil leg proved problematic for Shell, as resistivity logging was affected by the glauconitic and argillaceous nature of the reservoir and the poorly consolidated reservoir sands affected good formation pressure readings. Shell did obtain several oil samples and were able to define a deepest known oil for Cornea Central in the Cornea-1 well at 782.2mSS LAT, but this was from the Denticulata sand unit which may not be connected to the overlying B and C sand units. The Cornea-1B well obtained an oil sample from the C sand unit at 778.3mSS LAT giving an oil leg of at least 18.3m in the B and C sand reservoirs and possibly 22.2m if they are connected to the deeper Denticulata sand unit. In Cornea South an oil sample in Cornea South-2ST1 defined a deepest known oil at 777mSS LAT giving a minimum oil leg of 7m. A drill stem test was conducted Cornea South-2ST1, but due to poor sand screening the electrical submersible pump became blocked and the test was compromised, although 14.4BFPD of 50% oil and 0.3MMCFPD gas were obtained.

The gas caps for Cornea South and Cornea Central are not thought to be connected but, from the present dataset, it is not known if the oil legs are in communication. Shell estimated the free water level for Cornea-1 and Cornea-1B at 789mSS LAT, but this was based on poor pressure data and was not considered reliable. They were not able to define the thickness of the transition zone between oil and water in Cornea Central.

Although Shell had acquired over 2000km^2 of 3D seismic over the Cornea field, it was apparently not processed to remove multiple energy and consequently was not suitable for making accurate maps. As a result none of the appraisal wells were optimally located to test the best reservoir intervals within the oil leg.

The results of the Shell appraisal programme did not match the expectations represented by the large bid they made to obtain that part of the Cornea Field outside the area of their permit WA-241-P. They subsequently relinquished the new permits with a significant number of bid wells un-drilled.

Recent evaluation of the Shell data set, including reprocessing of 1,000km^2 of the Cornea 3D, has indicated that significant oil resources may exist within the better quality B, C and E sand units that could be developed with multi lateral, horizontal wells. (See Figure 12). Before such a development can be considered, the production flow rates of these reservoirs need to be proved, as do the location of the transition zone and free water level.

The purpose of drilling Cornea-3 is to acquire modern, high quality nuclear magnetic resonance (NMR) logs within the Middle and Early Albian reservoir sands to obtain more accurate information on reservoir porosity, especially productive porosity and permeability, as well as hydrocarbon saturation and the location of the transition zone and free water level. The acquisition of better formation pressure measurements and formation fluid samples with a modular formation pressure tester tool ("MDT tool"), including possible flow test from a dual packer MDT are planned. Data from the Cornea 3 appraisal well will be used to plan a horizontal appraisal well and to evaluate the commerciality of the field and ultimately a field development plan, if appropriate.

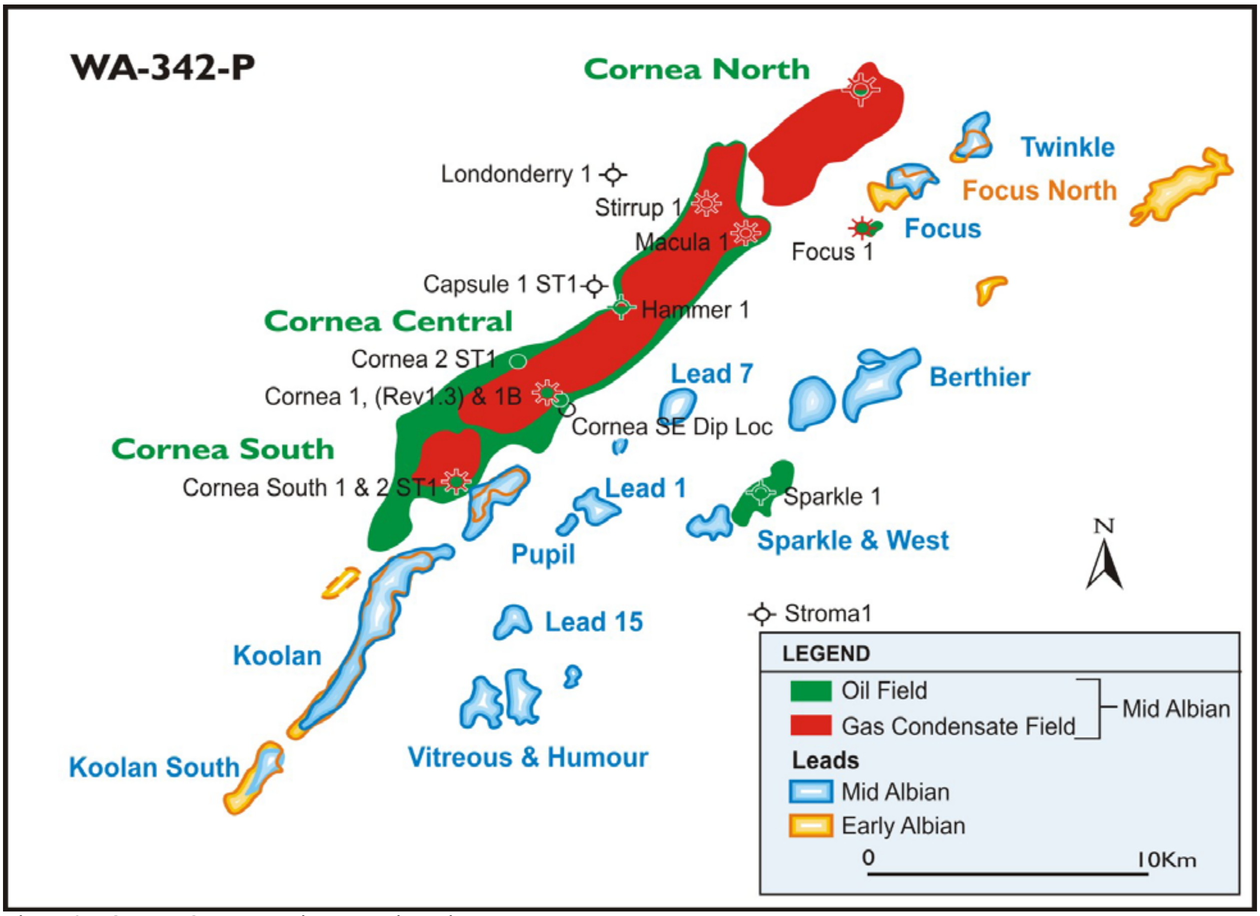


Figure 9 – Greater Cornea Region – Leads and Prospects

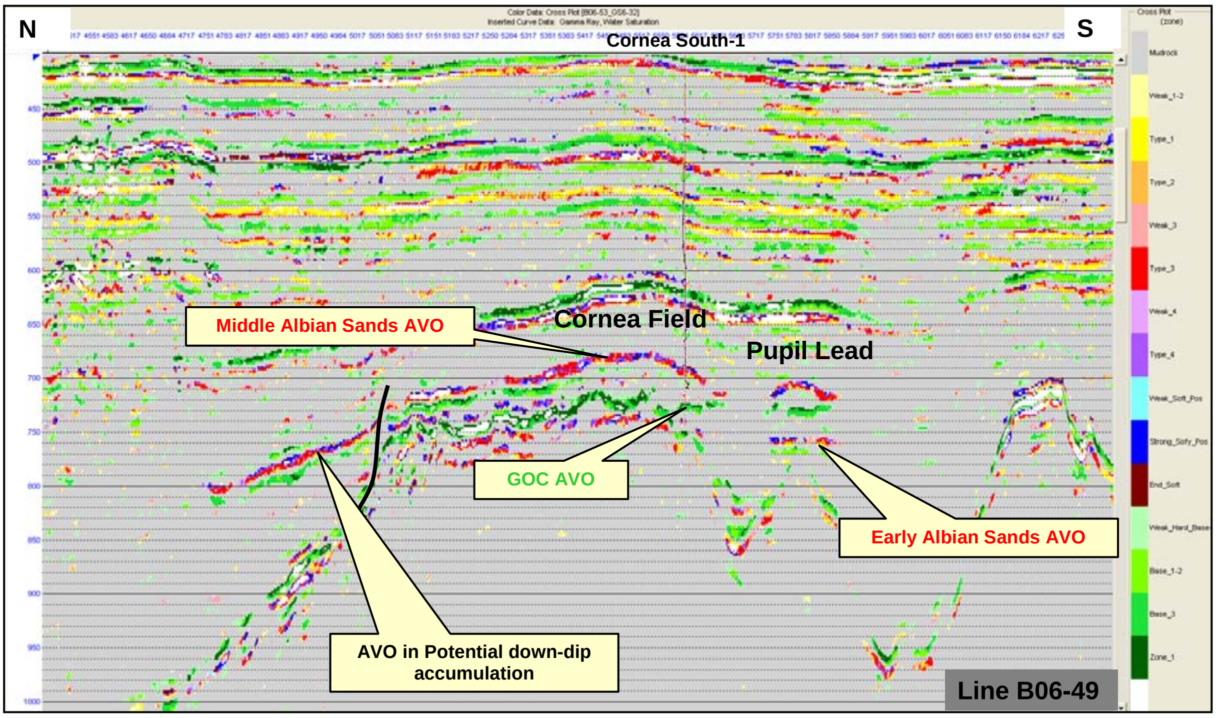


Figure 10 – Cornea Field and Pupil Lead, Seismic Line B06-49 showing stacked Albian and Aptian AVO anomalies.

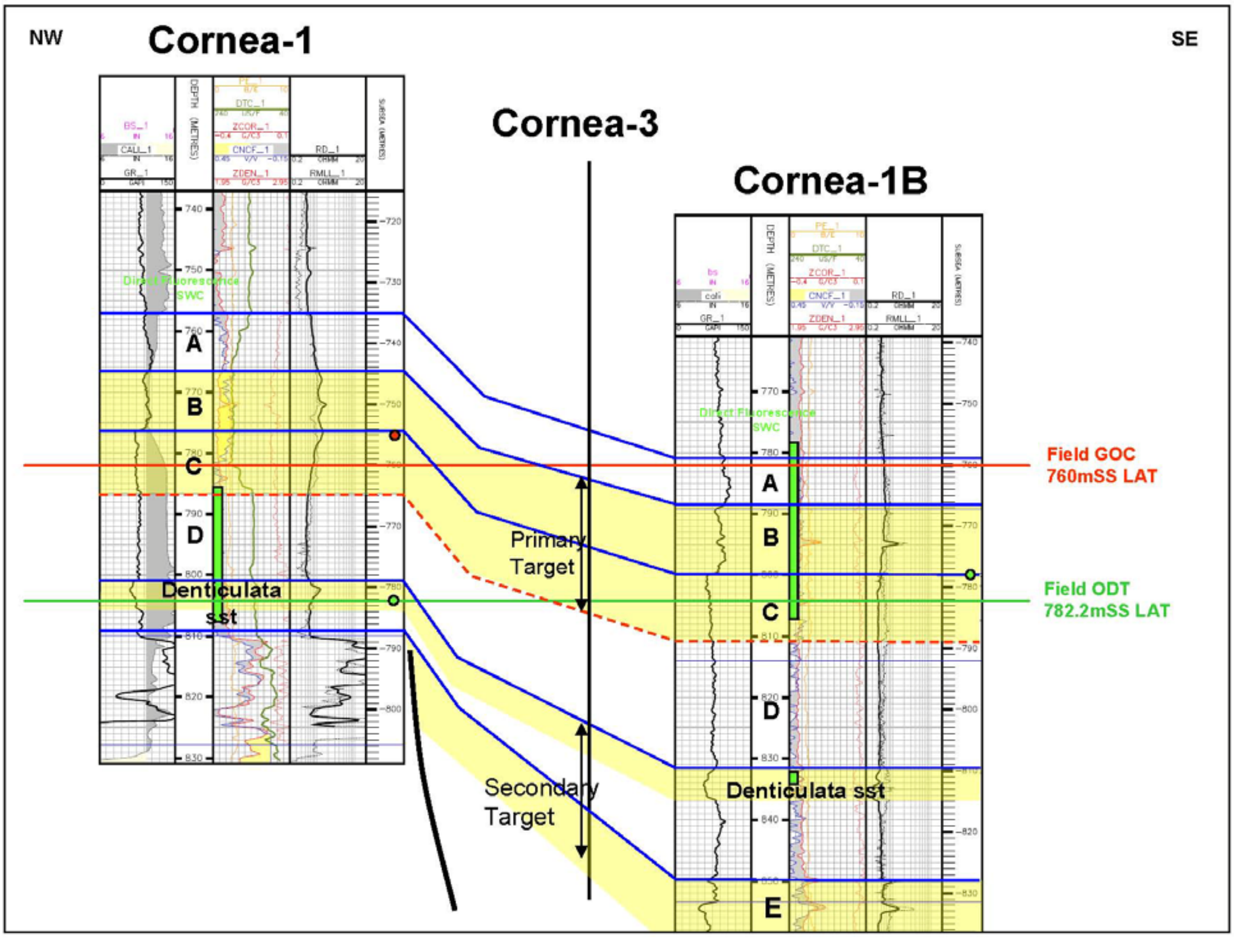


Figure 11 – Cornea-1 and Cornea-1B Stratigraphic Profile showing conceptual Cornea-3 Location

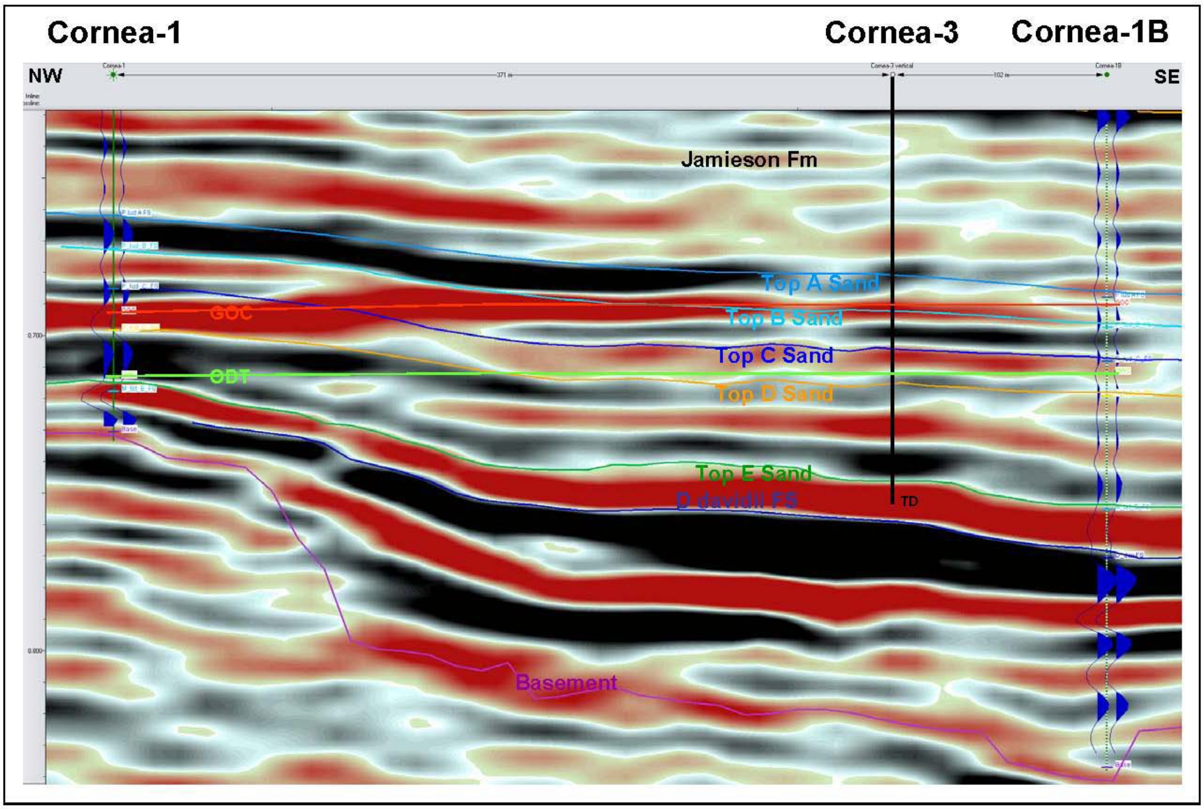


Figure 12 – Cornea-3 Appraisal Location and Relationship to Expected Sands

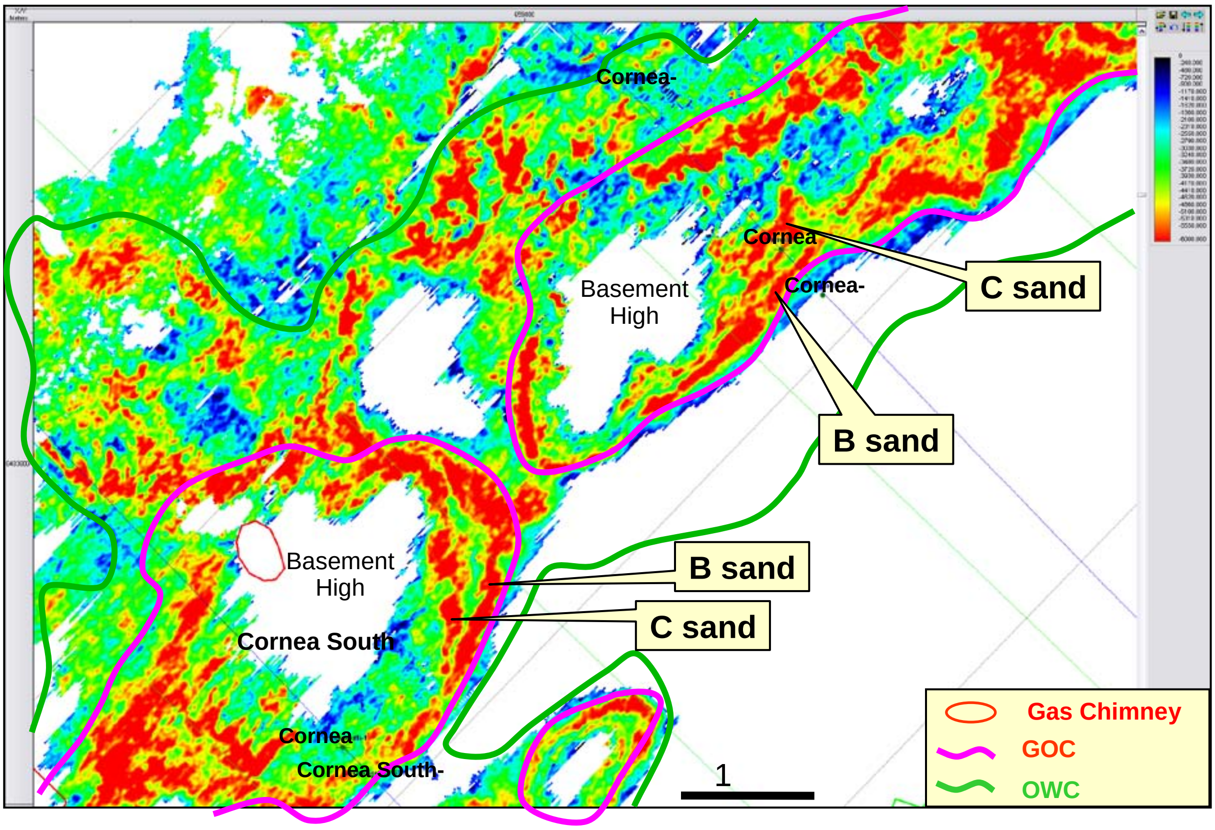


Figure 13 – Cornea seismic Amplitudes at Gas-Oil Contact showing continuity of better B & C reservoir sands

Other Leads in WA-342-P

Pupil, Koolan North, Koolan, Koolan South Leads (see Figure 9)

On reprocessed Cornea 3D seismic, similar Albian sandstone drape features have been recognised in the Pupil, 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 Early Albian to Aptian sandstone reservoirs draped over basement, with the intervening seal interpreted to be intact as has been proved in the Focus-1 oil discovery within WA-342-P. This potentially allows stacked hydrocarbon pools, as indicated by the AVO anomaly in the Pupil Lead. (See Figure 10).

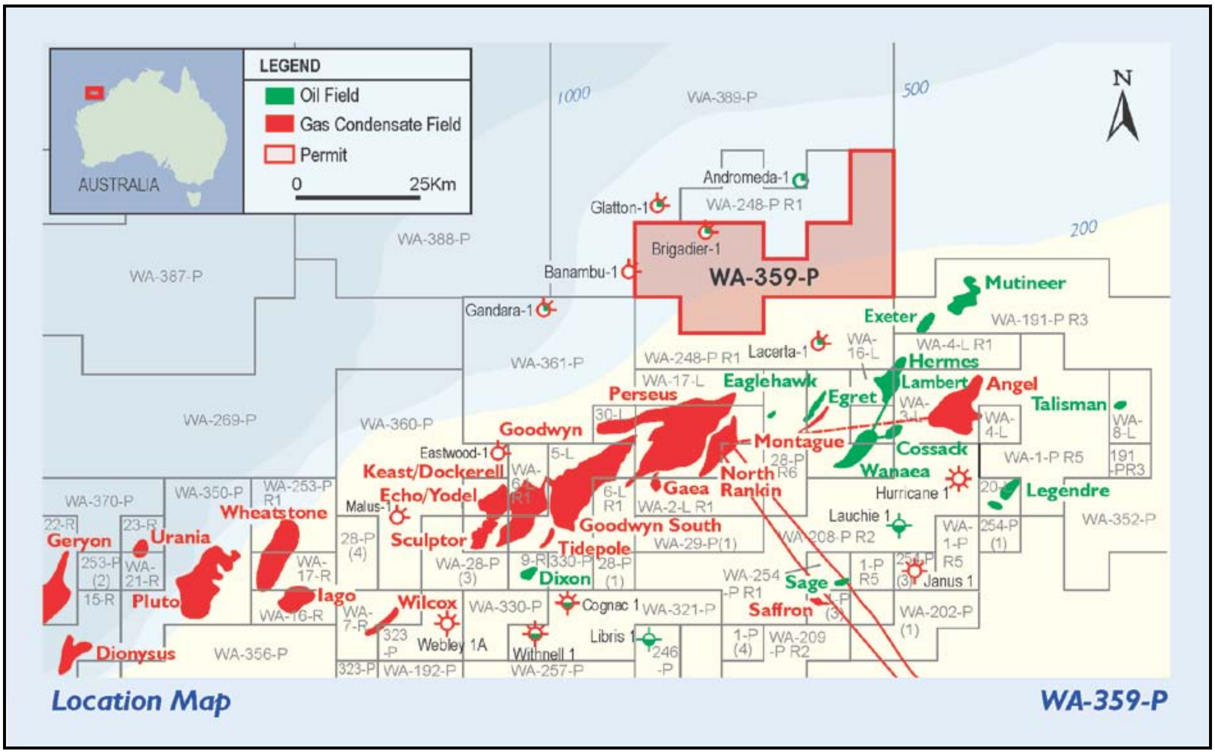
WA-359-P, DAMPIER SUB-BASIN

Exoil holds a 20% interest. The WA-359-P Joint Venture consists of:

Permit Holder	Parent Entity (as applicable)	Percentage Interest
North West Shelf Exploration Pty Ltd	MEO Australia Limited	60%
Exoil Limited	N/A	20%
Cue Exploration Pty Ltd	Cue Energy Resources Limited	20%

The Operator of the Joint Venture is MEO Australia Limited *(ASX Code: MEO).*

WA-359-P is 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 – see following location map.



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

A subsidiary of MEO farmed into the Company's and Cue Exploration Pty Ltd's respective 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 work 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.

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.

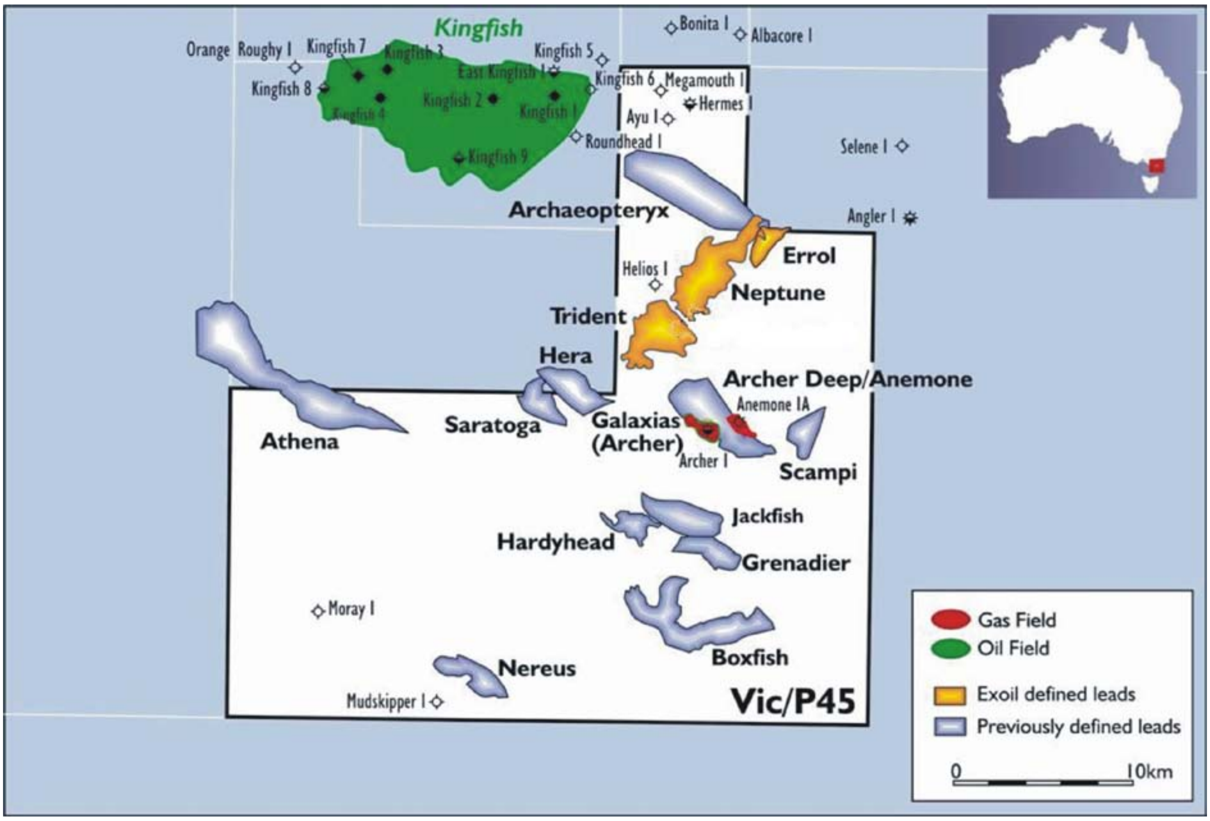
VIC/P45, GIPPSLAND BASIN

Exoil holds a 50% interest. The Vic/P45 Joint Venture consists of:

Permit Holder	Parent Entity (as applicable)	Percentage Interest
Exoil Limited	N/A	50% and Operator
Moby Oil & Gas Limited *(ASX Code: MOG)*	N/A	50%

The Vic/P45 Joint Venture is seeking a variation to the terms of the permit following the drilling of the Megamouth-1 and Coelacanth-1 wells (both unsuccessful), while continuing to review the remaining 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

VIC/P53, GIPPSLAND BASIN

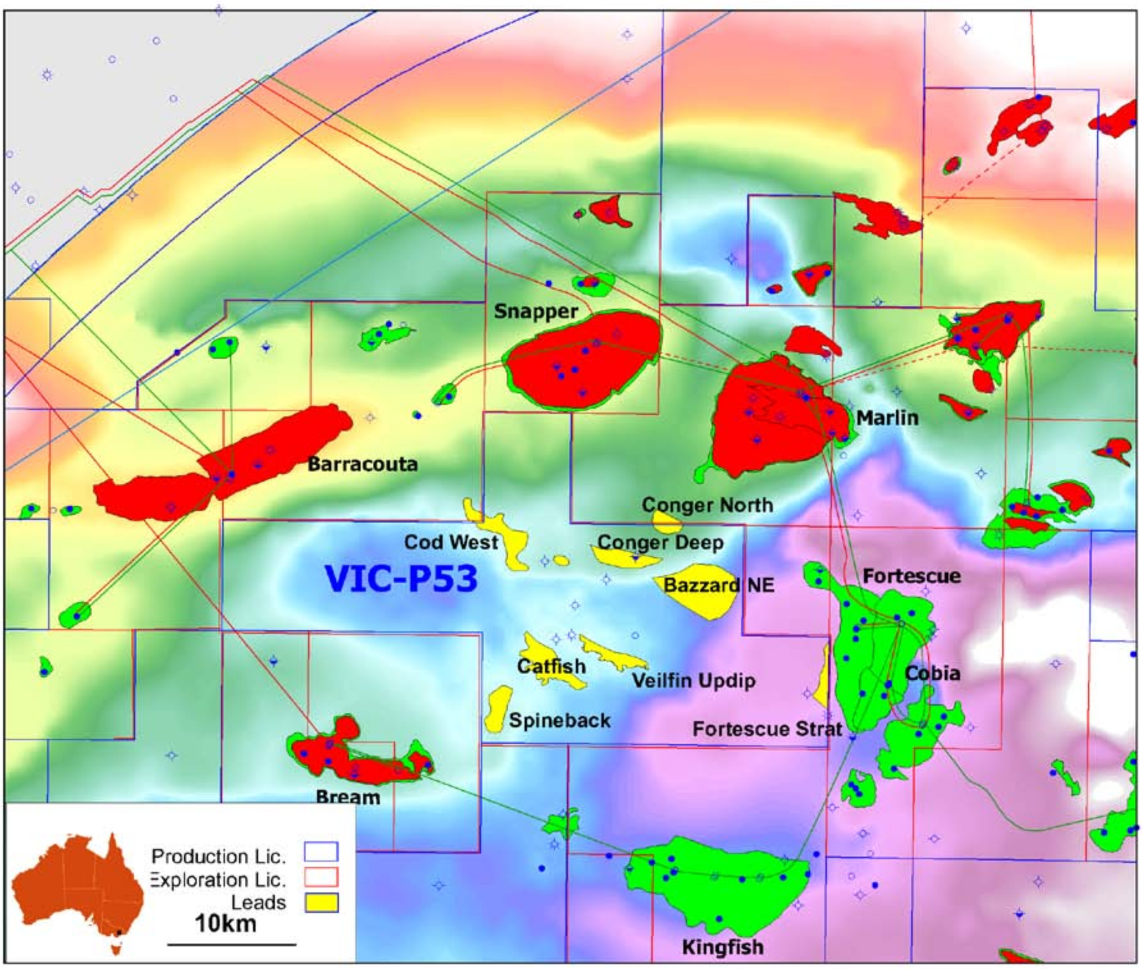
Exoil presently holds a 16.667% interest (increasing to 50%) as a result of a farmout to and relinquishment by Stuart Petroleum Offshore Pty Ltd ("Stuart"). The Vic/P53 Joint Venture consists of:

Permit Holder	Parent Entity (as applicable)	Percentage Interest
Stuart Petroleum Offshore Pty Ltd	Stuart Petroleum Ltd (ASX Code: STU)	50.000% and Operator
Cue Petroleum Pty Ltd *	N/A	25.000%
Exoil Limited	N/A	16.667%
Moby Oil & Gas Limited	N/A	8.333%

* subject to the rights of Australia Crude Oil Company, Inc. to back in for a 15% interest.

** Following the drilling of the Bazzard-1 well, which failed to encounter hydrocarbons, Stuart has given Exoil notice of its election not to drill a second well in the permit and to re-assign its 50% interest in the permit to Exoil. On 4 November 2009 Stuart delivered up to Exoil an executed transfer re-transferring a 33.333 interest in the permit to the Company. On registration of that transfer by the Designated Authority, the Company will hold a 50% interest in the permit. The Company has the right to re-assign that 50% interest back to Cue Petroleum Pty Ltd under the farmin agreement referred to in clause 1.6 in Section 7 but, at this time, has not yet determined whether it will or will not do so.

Vic/P53 contains several potential Top Latrobe and Intra Latrobe leads, including Spineback, Catfish and Cod West leads.



Prospects and Leads Map – Vic/P53

T/37P and T/38P (REMAINDER), BASS BASIN

Exoil holds a 35% interest. The T/37P and T/38P Joint Ventures consist of:

Permit Holder	Parent Entity (as applicable)	Percentage Interest
Galveston Mining Corporation Pty Ltd	Cue Energy Resources Ltd *(ASX Code:CUE)*	50% and Operator
Exoil Limited	N/A	35%
Gascorp Australia Pty Ltd	N/A	15%

Exoil, with Galveston Mining Corporation Pty Ltd and Gascorp Australia Pty Ltd ("Gascorp"), hold the two adjacent permits T/37P and T/38P (remainder) – see following location map.

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) inclusive of the Spikey Beach Blocks (see below). Water depths across the permits are less than 75m.

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

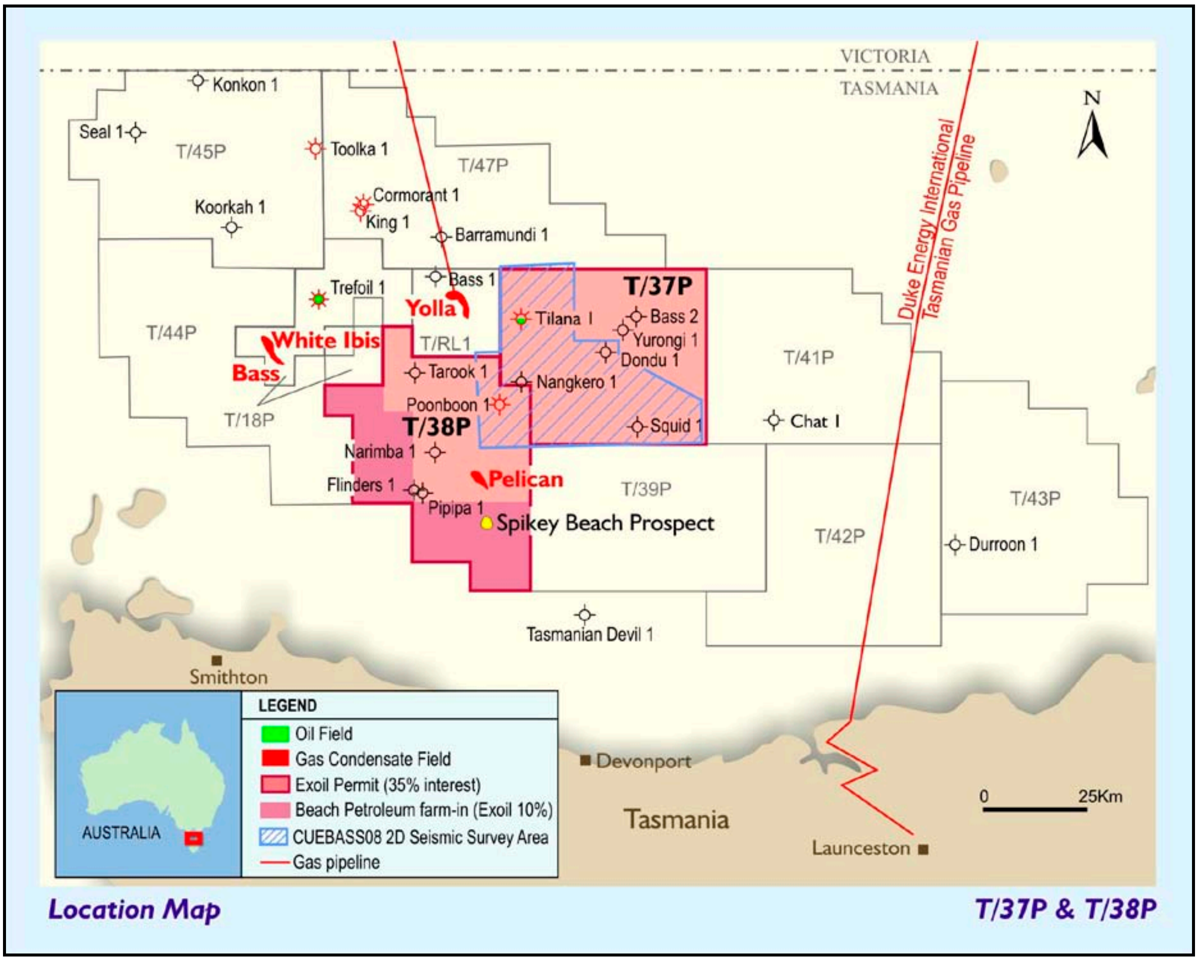
3,000 line kms of new 2D seismic data was acquired in T/37P and 670 line kms acquired in the T/38P (remainder) permit area. The Company farmed out its share of the cost of this survey to Gascorp and consequently its interest in the permits and the Joint Ventures reduced to 35%. Interpretation of the seismic data has been completed and both time and depth maps constructed and integrated with existing well information. Leads have been identified and analysed.

T/38P (SPIKEY BEACH BLOCKS), BASS BASIN

Exoil holds a 10% interest. The Spikey Beach Blocks are held by:

Holder	Parent Entity (as applicable)	Percentage Interest
Beach Petroleum Limited	N/A	80% and Operator
Galveston Mining Corporation Pty Ltd	Cue Energy Resources Limited	10%
Exoil Limited	N/A	10%

Beach Petroleum Limited ("Beach") agreed to farmin to part of T/38P to 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. The well was operated and drilled by Beach but, unfortunately, no hydrocarbon shows were recorded in the well. Exoil held a 10% carried interest through the drilling of Spikey Beach-1 (see highlighted area in the map below) and will continue to hold a 10% interest in the Spikey Beach blocks now that Beach has met its farmin obligations by drilling the well.



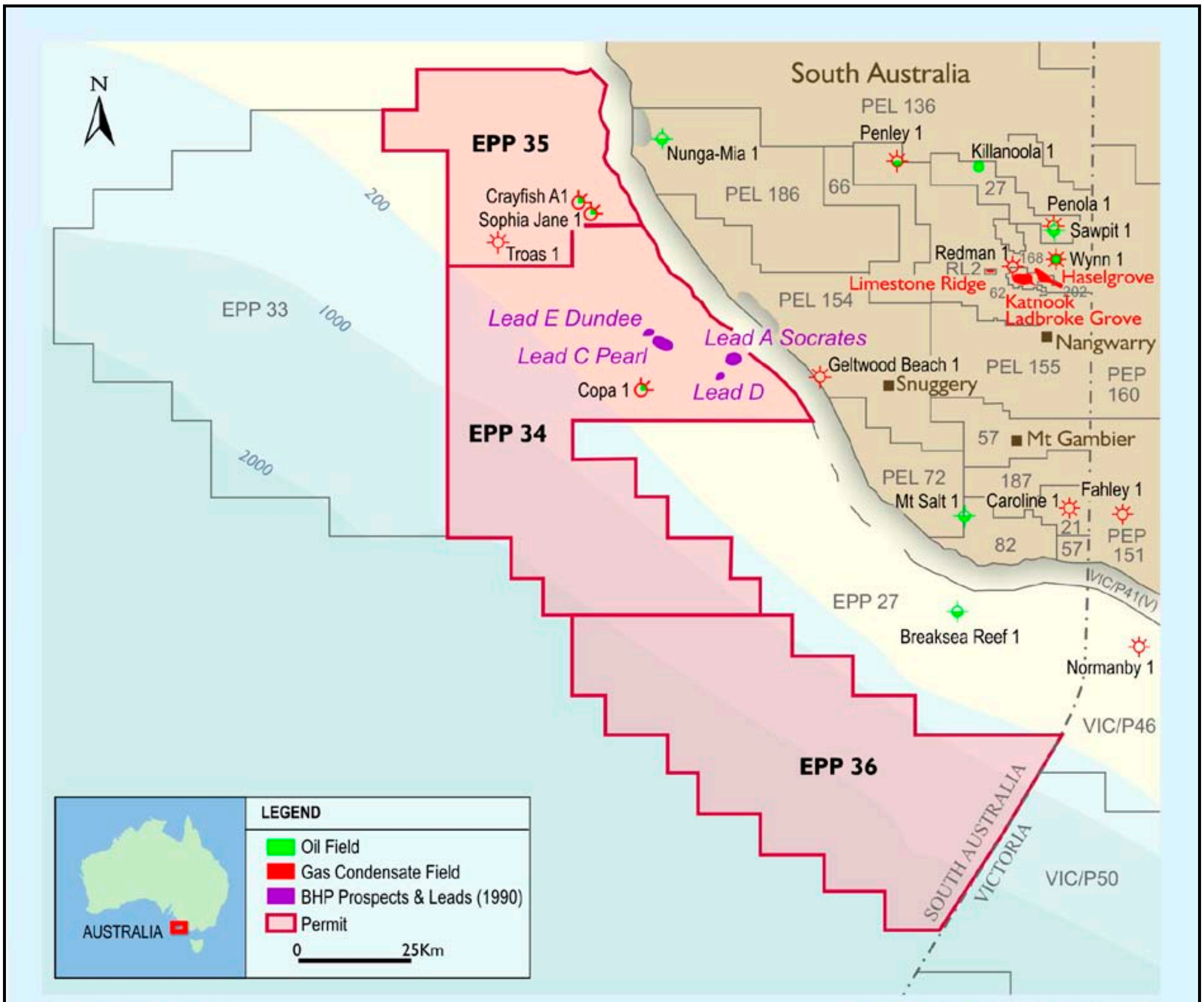
EPP 34, OTWAY BASIN

Exoil holds a 15% interest. The EPP 34 Joint Venture consists of:

Permit Holder	Parent Entity (as applicable)	Percentage Interest
Exoil Limited	N/A	15% and Operator
Moby Oil & Gas Limited	N/A	20%
National Energy Pty Ltd	National Gas Australia Pty Ltd	15%
United Oil & Gas Pty Ltd	Octanex N.L.	30%
Gascorp Australia Pty Ltd	N/A	10%
National Gas Australia Pty Ltd	N/A	10%

Processing of the 1,100 km Trocopa 2D seismic survey and reprocessing of old seismic data has been completed and interpretation and mapping of the seismic data has progressed. Interpretation has in the past 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.

The EPP 34 Joint Venture has applied to extend year-4 by 12 months in order to complete the processing, integration and interpretation of the new Trocopa 2D seismic data and reprocessed old seismic data, prior to making a decision on whether to enter year-5.



Location Map EPP 34, EPP 35, EPP 36

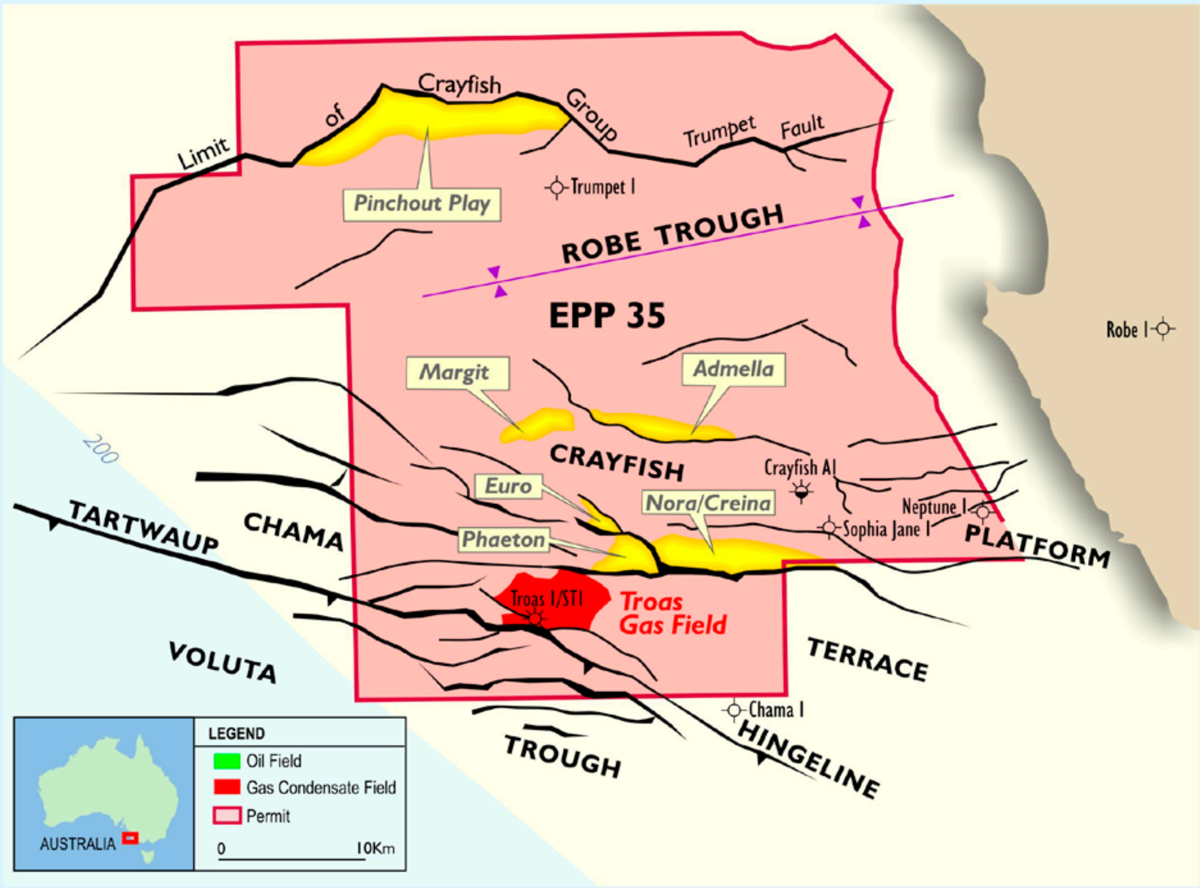
EPP 35, OTWAY BASIN

Exoil holds a 30% interest. The EPP 35 (Troas) Joint Venture consists of:

Permit Holder	Parent Entity (as applicable)	Percentage Interest
Exoil Limited	N/A	30% and Operator
Gascorp Australia Pty Ltd	N/A	30%
National Energy Pty Ltd	National Gas Australia Pty Ltd	20%
Moby Oil & Gas Limited	N/A	20%

EPP 35 contains the Troas gas accumulation, where gas indications were noted over more than 1,000m of sedimentary section during drilling of the Troas-1 and ST1 well. The permit therefore has a proven hydrocarbon system in place. The focus of the EPP 35 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.

The Joint Venture has applied to extend year-3 by 12 months in order to complete the acquisition and processing of the new 325 km² 3D seismic survey that is yet to be acquired. The delay in acquiring that survey relates to the lack of availability of existing seismic data acquired by earlier explorers that requires reprocessing and review prior to finalising the design of the new survey.



EPP 35 - Structure, Prospects and Leads

EPP 36, OTWAY BASIN

Exoil holds a 30% interest. The EPP 36 Joint Venture consists of:

Permit Holder	Parent Entity (as applicable)	Percentage Interest
Exoil Limited	N/A	30% and Operator
Gascorp Australia Pty Ltd	N/A	30%
National Energy Pty Ltd	National Gas Australia Pty Ltd	20%
Moby Oil & Gas Limited	N/A	20%

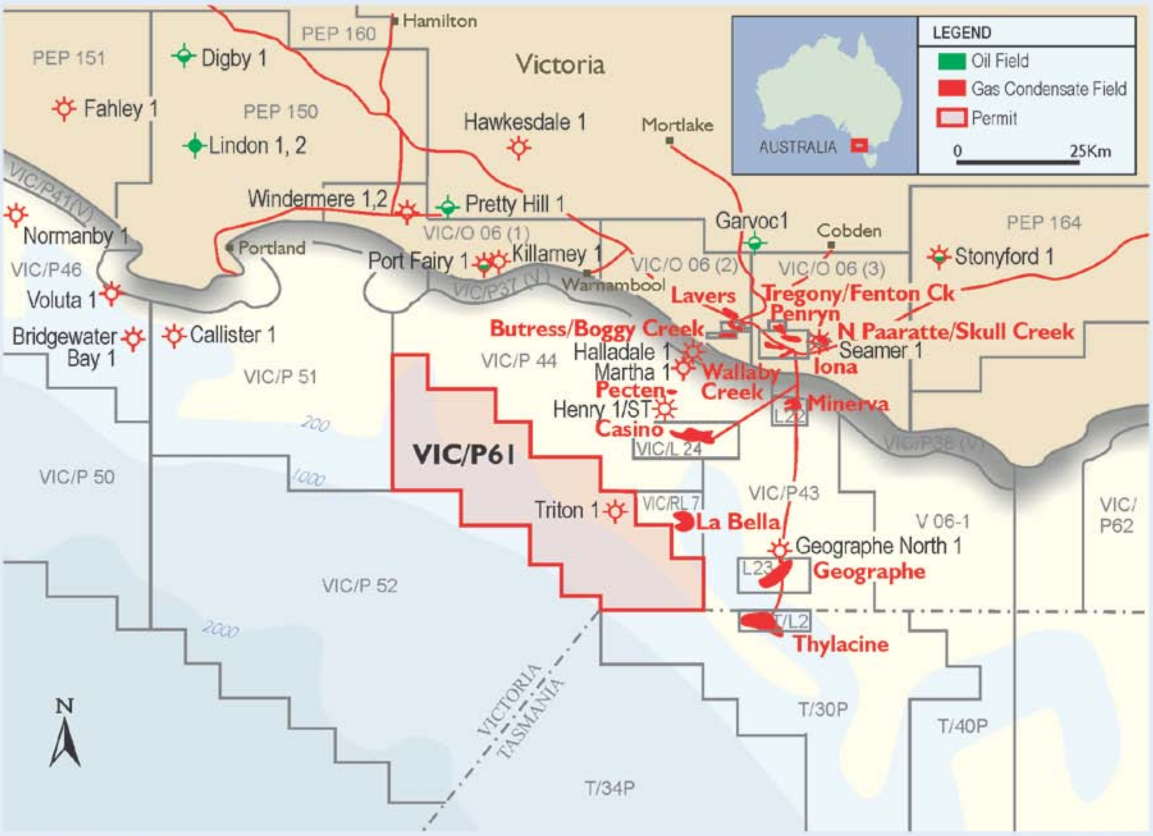
The Joint Venture is in the process of relinquishing this permit.

VIC/P61, OTWAY BASIN

Exoil holds a 30% interest. The Vic/P61 Joint Venture consists of:

Permit Holder	Parent Entity (as applicable)	Percentage Interest
Exoil Limited	N/A	30% and Operator
Gascorp Australia Pty Ltd	N/A	30%
Moby Oil & Gas Limited	N/A	20% earning pursuant to farmin
Octanex N.L.	N/A	10% earning pursuant to farmin
Strata Resources N.L.	Octanex N.L.	10% earning pursuant to farmin

The Joint Venture is in discussions with the Designated Authority in relation to relinquishment of this permit.



Location Map

VIC/P61

The Group is managed by a team which includes its Directors, Officers and professional consultants, with their details set out in this Section.

DIRECTORS AND COMPANY SECRETARY

Mr James M D Willis LL.M (Hons), Dip Acc
Chairman
Non-Executive Director

Until his resignation from the practice in 2007, Mr Willis had been a partner in the leading New Zealand law firm of Bell Gully for 25 years. His practice speciality was in 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.

In 2007 Mr Willis relocated to Australia to take up a management role with the group of companies controlled by Mr Albers and his associates and is now a fulltime executive director of companies in that group.

Mr Willis is Chairman of Exoil Limited and was a director of ASX-listed MEO Australia Limited until July 2008, a position he had held for 10 years during a crucial period of its growth. With Mr Albers he was co-founder and later a director of Southern Petroleum, a successful New Zealand explorer that is now wholly-owned by Shell. He has been a Director since 8 September 2004.

Mr E Geoffrey Albers LL.B, FAICD
Executive Director

Mr Albers has over 30 years experience as a director and administrator in corporate law, petroleum exploration and resource sector investment. He is a law graduate of the University of Melbourne and, after being admitted in 1969 as a Solicitor of the Supreme Court of Victoria, held a corporate practicing certificate in Victoria until 2001.

In 1977 Mr Albers first became involved in oil exploration. At that time companies associated with him applied for and were awarded exploration permits in the offshore Gippsland and Bass Basins. Exploration in one of these permits, T/14P, led directly to the discovery of the Yolla Gas/Condensate Field which is now being produced by Origin Energy Limited and others.

In the early 1980's Mr Albers formed Cue Energy Resources Limited ("Cue Energy") (ASX Code: CUE) and Southern Petroleum N. L. ("Southern Petroleum") in New Zealand. Cue Energy has a significant interest in the Maari oilfield development, the unitised S E Gobe oilfield and the Oyong oil and gas development in offshore Indonesia. Mr Albers was until recently a director of Cue Energy and remains a substantial shareholder in Cue Energy. See Cue Energy's website www.cuenrg.com.au. Southern Petroleum is now a subsidiary of Shell New Zealand.

Mr Albers was a founder of MEO Australia Limited (ASX Code: MEO) and is a former director and shareholder of that company. MEO is the farminee to WA-360-P and is also pursuing the development of a gas processing plant on Tassie Shoal in the Timor Sea, 300kms north-west of Darwin. See the MEO website www.meoaustralia.com.au.

Mr Albers founded Bass Strait Oil Company Ltd ("Bass") (ASX Code: BAS) which has developed a portfolio of interests in the offshore Gippsland Basin and is a niche explorer in that basin. Mr Albers was, until recently, a director of Bass and remains a substantial shareholder in, Bass. See the Bass website www.bassoil.com.au

Mr Albers founded Octanex N.L. ("Octanex") (ASX Code: OXX) which has recently been admitted to the Official List of ASX and which has developed a portfolio of interests in the offshore Australian waters. Octanex has a portfolio of offshore interests, many of which are subject to exploration and contractual arrangements with international companies. Mr Albers is a director of Octanex and is a substantial shareholder in Octanex. See the Octanex website www.octanex.com.au

In 2004 Mr Albers was instrumental in the formation of Moby Oil & Gas Ltd ("Moby") (ASX Code: MOG) which has extensive interests in various permits in offshore Australia. Mr Albers is a director of, and substantial shareholder in, Moby. Subject to obtaining shareholder approval at a meeting convened to be held on 23 November 2009, Moby has recently farmed into WA-332-P and WA-333-P (the Braveheart Prospect) and WA-342-P (the known Cornea oil and gas accumulation) and agreed to acquire Rankin Trend Pty Ltd which owns a 15% interest in WA-360-P (the Artemis Prospect). See Moby's website www.moby.com.au.

In addition, Mr Albers has interests in a number of unlisted public and private companies active in exploration for oil and gas in Australian offshore waters. He has been a Director since he incorporated the Company on 5 July 1979.

Mr Graeme A Menzies LL.B
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 as a lawyer in the listing of a large number of public companies ranging from junior explorers to substantial mining companies. Over recent years his activities have focused primarily on corporate reconstructions and capital raisings. Of relevance is that Mr Menzies is a director of Moby Oil & Gas Limited and Octanex N.L. He has been a Director since 16 September 2004.

Mr J G (Jack) Tuohy BCA, CA
Company Secretary

Mr Jack Tuohy has over 20 years corporate experience in the oil and gas exploration and production and motor vehicle industries, acting as a director and company secretary. Over this period he has been involved in the various aspects of public and private company administration, especially as this relates to the oil and gas exploration and production sector and to public listed company activities, obligations and requirements. Mr Tuohy holds a Bachelor's degree in accountancy from Victoria University of Wellington and is a Chartered Accountant in New Zealand. He was based in New Zealand for the bulk of his career but relocated to Australia in 2008. Mr Tuohy is a director of Bass Strait Oil Company Limited and of the unlisted public companies, Goldsborough Limited and National Oil & Gas Limited. He currently acts as Company Secretary for a number of ASX and NSX-listed and unlisted Australian public companies, including Exoil, Moby Oil & Gas Limited and Octanex N.L. Mr Tuohy was appointed as Company Secretary on 27 October 2008.

MANAGEMENT

Mr Robert J Wright B Bus, CPA
Chief Financial Officer

Mr Robert Wright is a senior financial professional with over 20 years commercial experience in the resource, energy and manufacturing industries gained at various companies and locations, including 14 years with BHP. He is Chief Financial Officer for several listed exploration companies and is a member of CPA Australia.

Dr Simon Sturrock B.Sc.(Hons), Ph.D
Consultant Geophysicist / Exploration Manager

The Company's leading technical consultant is Strat Trap Pty Ltd, a successful geological interpretation consultancy based in Perth and whose principal and director is Dr Simon Sturrock.

Dr Sturrock is a seismic interpreter and sequence stratigrapher with 26 years international and Australasian exploration and development experience, including 11 years with British Petroleum and six years as Exploration Manager of both the Company and Octanex NL. He possesses a unique and powerful skills combination for stratigraphic prediction and has a proven track record in accurately predicting reservoir and seal distribution that has substantially reduced costs and assisted in the discovery of significant hydrocarbons. Dr Sturrock has an extensive knowledge of practical sequence stratigraphy and he is highly experienced in applying these skills to field appraisal and development, exploration prospect and play fairway evaluation and risk analysis.

Dr Sturrock is a member of the Petroleum Exploration Society of Australia, the American Association of Petroleum Geologists, the Petroleum Exploration Society of Great Britain, the Australian Society of Exploration Geophysicists and the Formation Evaluation Society of Australia, as well as being a Fellow of the Geological Society of London. He has also carried out post-doctoral research at the British Museum that was funded by British Petroleum.

He is skilled in the interpretation and integration of 2D and 3D seismic, electric logs, cores, sedimentological and stratigraphic data into predictive depositional models for improved risk analysis. Dr Sturrock is also an accomplished sequence stratigrapher, with a thorough experience in clastics and carbonates and an extensive knowledge of reservoir distribution and quality in submarine fans. He is accomplished in high-resolution sequence stratigraphy and facies delineation for stochastic reservoir modelling and a proficient user of personal computers and workstations (Stratimagic; GeoLog, Geoquest; Charisma, IESX, SeisClass, Strat Log, Well Pix, Landmark; Seisworks & Stratworks & Petrosys mapping). He is skilled in teamwork and multi-disciplinary project co-ordination and accomplished in making technical presentations to senior management and joint venturers. In addition, he has taught sequence stratigraphy courses to oil companies and university M.Sc classes.

PRESENT CAPITAL STRUCTURE

The capital structure of the Company presently comprises 50,775,263 fully paid ordinary shares and 2,150,000 unlisted options to acquire ordinary shares at the date of this OIS.

The options have an expiry date of 31 December 2009 and 1,175,000 have an exercise price of $0.30 (30 cents) and 975,000 have an exercise price of $0.40 (40 cents). The terms of these options are detailed at clauses 2.2 and 2.4 of Section 7.

CAPITAL STRUCTURE ON COMPLETION OF THE ISSUE

On completion of the Issue the capital structure of the Company will be as set out in the table below.

CAPITAL STRUCTURE ON COMPLETION OF THE OFFER

Amount to be raised		**$5,077,526**
	Assuming subscription to the Underwritten Amount	**Assuming Full subscription**
Number of Existing Shares (immediately prior to the allotment of Shares under the Offer)	50,775,263	50,775,263
Number of Existing options	2,150,000	2,150,000
Number of Shares being offered under this OIS	30,775,260	50,775,263
Number of Options being offered under this OIS	24,620,208	40,620,210
Total number of Shares immediately after allotment of Shares under the Offer	81,550,523	101,550,526
Total number of options immediately after allotment of the Options under the Offer	26,770,208	42,770,210

RIGHTS AND LIABILITIES ATTACHING TO SHARES AND OPTIONS

The rights and liabilities attaching to the Shares are detailed in clause 2.1 in Section 7.

The Shares will be fully paid ordinary shares which will rank equally with all other shares on issue from the date of their allotment.

The rights and liabilities attaching to the Options are detailed in clauses 2.2 in Section 7.

FINANCIAL INFORMATION

Set out below is the Group's Consolidated Balance Sheet as at 30 June 2009, which is based on audited financial statements for the 12 months ended at that date. Also set out below is a pro forma Consolidated Balance Sheet for the Group as at 31 October 2009, which is based on the audited financial statements as at 30 June 2009 and unaudited management accounts as at 31 October 2009 and assumes the impact of the following events, as if they had occurred as at 31 October 2009:

- The issue to Applicants of 50,775,263 Shares (and Accompanying Options) at an issue price of $0.10 per Share pursuant to this OIS;
- The payment of the costs of the Issue as set out in Section 1; and
- Crediting the net proceeds of the Issue to cash assets pending its expenditure in accordance with the Source and Application of Funds Statement in Section 1.
- The sale of a 13% interest in WA-342-P (containing the Cornea oil and gas accumulation) for $3,133,000 (assuming approval of Members). Due to the recoupment of current and carried

forward tax losses, no tax will be payable on any accounting profit arising on the sale of the permit interest.

A copy of the audited financial statements of the Group for the year ended 30 June 2009, is set out in Section 10. Applicants are referred those financial statements for full details as to the financial position of the Company and the Group as at 30 June 2009.

Set out below is also a statement of the financial position of the Company and Group as at 31 October 2009 and a proforma statement of financial position based on the assumptions set out above.

AUDITED STATEMENT OF FINANCIAL POSITION OF THE GROUP AS AT 30 JUNE 2009 TOGETHER WITH UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER` 2009 BASED ON UNAUDITED MANAGEMENT ACCOUNTS AND PRO FORMA UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT THAT DATE

	Audited Accounts 30 June 2009	Unaudited Management Accounts 31 October 2009	Unaudited Pro-Forma 31 October 2009	
			Subscription to Underwritten Amount	Full Subscription
	$	$	$	$
CURRENT ASSETS				
Cash and cash equivalents	548,415	253,809	8.266,297	8,266,297
Trade and other receivables	97,430	37,533	37,533	37,533
TOTAL CURRENT ASSETS	645,845	291,342	8,303,830	8,303,830
NON-CURRENT ASSETS				
Exploration and evaluation assets	2,274,926	2,338,010	1,961,330	1,961,330
Property, plant and equipment	66,624	62,624	62,624	62,624
Other financial assets	70	70	70	70
TOTAL NON-CURRENT ASSETS	2,341,620	2,400,704	2,024,024	2,024,024
TOTAL ASSETS	2,987,465	2,692,046	10,327,854	10,327,854
CURRENT LIABILITIES				
Trade and other payables	253,676	39,117	39,117	39,117
TOTAL CURRENT LIABILITIES	253,676	39,117	39,117	39,117
NON-CURRENT LIABILITIES				
Deferred tax liabilities	46,647	21,279	21,279	21,279
Loan from Great Missenden Holdings Pty Ltd	-	-	2,000,000	-
TOTAL NON-CURRENT LIABILITIES	46,647	21,279	2,021,279	21,279
TOTAL LIABILITIES	300,323	60,396	2,060,396	60,396
NET ASSETS	2,687,142	2,631,650	8,267,458	10,267,458
EQUITY				
Contributed equity	2,959,055	2,959,055	5,838,543	7,838,543
Reserves	81,277	81,277	81,277	81,277
Accumulated losses	(353,190)	(408,682)	2,347,638	2,347,638
TOTAL EQUITY	2,687,142	2,631,650	8,267,458	10,267,548

PROFITABILITY OF EXOIL AND THE GROUP

Neither the Company nor the Group is currently profitable. Details of their financial position and accumulated losses are set out in the financial statements set out in Section 10.

The Company and the Group are likely to remain unprofitable in the foreseeable future, even if the Braveheart -1 well is a discovery well, due to the significant period until production from any successful development of the Braveheart Prospect could be expected.

In the same way, even if the Cornea-3 appraisal well enhances the chance of development of the Cornea oil and gas accumulation, that will not necessarily affect the profitability or otherwise of the Company or the Group.

However, a successful outcome for either of the Braveheart-1 well or Cornea 3 appraisal well could be expected to have an immediate impact on the financial prospects of the Company.

One of the primary effects on the Company of a discovery well in the Braveheart Prospect is that it may enable the Company to raise additional capital to participate in the further exploration and any subsequent development of any discovery of a hydrocarbon accumulation. Such a discovery is also likely to increase the perceived value of the Braveheart Prospect and may make subsequent farmout or sale of interests in the relevant permits more attractive.

In the same way, a result from the Cornea 3 appraisal well which establishes a flow rate of hydrocarbons, and provides information in relation to other reservoir characteristics which increases the chance of development of the Cornea oil and gas accumulation, may increase the perception of its value and either make subsequent farmout or sale of interests in the relevant permit more attractive.

However, none of the above is assured or represented.

Applicants are cautioned not to assume that any discovery will be made and, even if made, would therefore immediately affect the profitability of the Company.

Finally, if each of the Braveheart -1 well and the Cornea 3 appraisal well were to be unsuccessful then the Company will have incurred significant additional losses from the drilling operations undertaken and from the resultant asset impairment, resulting in a consequent reduction in value of the assets concerned.

DIVIDEND HISTORY

Exoil has not paid any dividends and does not expect to pay dividends in the foreseeable future. It is intended that the Group's cash resources will be retained to meet exploration expenses or otherwise invested in strategic assets or corporate acquisitions.

SECTION 5
EXPLORATION PERMIT WORK OBLIGATIONS

Petroleum Exploration Permit No.	Title Holders	Locality Offshore Basin	Term	Commencement Date	Current Expiry Date	Minimum Work Requirements	Notes
WA-332-P	Braveheart Resources Pty Ltd *(subsidiary of Exoil Limited)* Braveheart Petroleum Pty Ltd Braveheart Energy Pty Ltd Braveheart Oil & Gas Pty Ltd Browse Petroleum Pty Ltd	Browse	6 Years	1 October 2002	30 September 2003	Year 1: Collect Data and Geoscience Studies	Completed
				1 October 2003	30 September 2004	Year 2: Seismic Acquisition, Interpretation and Geoscience Studies	Completed
				1 October 2004	31 March 2006 (as extended by 6 months)	Year 3: Acquire 500 km New 2D Seismic Survey	Completed
				1 April 2006	31 March 2007	Year 4: Seismic Interpretation, Geoscience Studies and Well Planning	Completed
				1 April 2007	31 March 2010 (as extended by 24 months)	Year 5: Drill One Well	
				1 April 2010	31 March 2011	Year 6: Acquire 400 km New 2D Seismic Survey	Acquired in Year 5
WA-333-P	Braveheart Resources Pty Ltd Braveheart Petroleum Pty Ltd Braveheart Energy Pty Ltd Braveheart Oil & Gas Pty Ltd Browse Petroleum Pty Ltd	Browse	6 Years	1 October 2002	30 September 2003	Year 1: Collect Data and Geoscience Studies	Completed
				1 October 2003	30 September 2004	Year 2: Seismic Acquisition, Interpretation and Geoscience Studies	Completed
				1 October 2004	31 March 2006 (as extended by 6 months)	Year 3: Acquire 500 km New 2D Seismic Survey	Completed

Petroleum Exploration Permit No.	Title Holders	Locality Offshore Basin	Term	Commencement Date	Current Expiry Date	Minimum Work Requirements	Notes
				1 April 2006	31 March 2007	Year 4: Seismic Interpretation, Geoscience Studies and Well Planning	Completed
				1 April 2007	31 March 2010 (as extended by 24 months)	Year 5: Drill One Well	Committed To Drill Braveheart -1 Well
				1 April 2010	31 March 2011	Year 6: Acquire 400 km New 2D Seismic Survey	Acquired in Year 5
WA-342-P	Cornea Resources Pty Ltd *(subsidiary of Exoil Limited)* Cornea Petroleum Pty Ltd Cornea Energy Pty Ltd Cornea Oil & Gas Pty Ltd Coldron Pty Ltd	Browse	6 Years	29 May 2003	28 May 2004	Year 1: Geotechnical Studies	Completed
				29 May 2004	28 May 2005	Year 2: Geotechnical Studies and Purchase Seismic Data	Completed
				29 May 2005	28 November 2006 (as extended by 6 months)	Year 3: Acquire 500 km New 2D Seismic Survey and Interpret	Completed
				29 November 2006	28 November 2007	Year 4: Seismic Interpretation and Geotechnical Studies	Completed
				29 November 2007	28 November 2008	Year 5: Geotechnical Studies	Completed
				29 November 2008	28 November 2009	Year 6: Reprocess 1,000 km^2 of Existing 3D Seismic	Completed
				Application for renewal for further five (5) year term pending	Unknown	To Be Determined	Cornea-3 Appraisal Well
WA-359-P	Exoil Limited North West Shelf Exploration Pty Ltd Cue Exploration Pty Ltd	Dampier	6 Years	1 February 2005	31 January 2006	Year 1: Geotechnical Studies	Completed

Petroleum Exploration Permit No.	Title Holders	Locality Offshore Basin	Term	Commencement Date	Current Expiry Date	Minimum Work Requirements	Notes
				1 February 2006	31 January 2007	Year 2: Reprocessing Existing 2D Seismic Data	Completed
				1 February 2007	31 January 2008	Year 3: Acquire 250 kms of New 2D Seismic	Obligation Farmed Out and Completed
				1 February 2008	31 January 2009	Year 4: Seismic Interpretation	Obligation Farmed Out and Completed
				1 February 2009	31 January 2010	Year 5: Drill One Well	Obligation Farmed Out
				1 February 2010	31 January 2011	Year 6: Geotechnical Studies	
VIC/P45	Exoil Limited Moby Oil & Gas Limited	Gippsland	6 Years	16 May 2000	15 May 2001	Year 1: Geological and Geophysical Studies	Completed
				16 May 2001	15 May 2004 (as extended by 24 months)	Year 2: Drill One Well	Completed
				16 May 2004	15 May 2008 (as extended by 36 months)	Year 3: Drill One Well	Completed
				16 May 2008	15 May 2009	Year 4: Studies	Completed
				16 May 2009	15 May 2010	Year 5: Drill One Well	Under Suspension and Extension Application
				16 May 2010	15 May 2011	Year 6: Drill One Well	
VIC/P53	Exoil Limited Stuart Petroleum (Offshore) Pty Ltd Moby Oil & Gas Limited Cue Petroleum Pty Ltd	Gippsland	6 Years	16 October 2002	15 October 2004	Year 1: Geological and Geophysical Studies	Completed
				16 October 2004	15 October 2005	Year 2: Carry Out 200 km^2 3D Seismic Survey	Completed
				16 October 2005	15 October 2008 (as extended by 24 months)	Year 3: Drill Two Wells	Obligation Farmed Out and Under Variation Application

Petroleum Exploration Permit No.	Title Holders	Locality Offshore Basin	Term	Commencement Date	Current Expiry Date	Minimum Work Requirements	Notes
				16 October 2008	15 October 2009	Year 4: Data Evaluation	
				16 October 2009	15 October 2010	Year 5: Drill One Well	Under Variation Application
				16 October 2010	15 October 2011	Year 6: Drill One Well	Under Variation Application
T/37P	Exoil Limited Galveston Mining Corporation Pty Ltd Gascorp Australia Pty Ltd	Bass Strait	6 Years	9 December 2004	8 December 2005	Year 1: Geological and Geophysical Studies	Completed
				9 December 2005	8 December 2006	Year 2: Geological and Geophysical Studies	Completed
				9 December 2006	8 December 2008 (as extended by 12 months)	Year 3: Acquire 3,000 kms of New 2D Seismic	Obligation Farmed Out and Completed
				9 December 2008	8 December 2009	Year 4: Geological and Geophysical Studies	Committed To
				9 December 2009	8 December 2010	Year 5: Drill One Well	
				9 December 2010	8 December 2011	Year 6: Geological and Geophysical Studies	
T/38P	Exoil Limited Galveston Mining Corporation Pty Ltd Gascorp Australia Pty Ltd	Bass Strait	6 Years	9 December 2004	8 December 2005	Year 1: Geological and Geophysical Studies	Completed
				9 December 2005	8 December 2006	Year 2: Geological and Geophysical Studies	Completed
				9 December 2006	8 December 2008 (as extended by 12 months)	Year 3: Drill One Well	Obligation Farmed Out
				9 December 2008	8 December 2009	Year 4: Geological and Geophysical Studies	Committed To
				9 December 2009	8 December 2010	Year 5: Carry Out 200 km^2 3D Seismic Survey	

Petroleum Exploration Permit No.	Title Holders	Locality Offshore Basin	Term	Commencement Date	Current Expiry Date	Minimum Work Requirements	Notes
				9 December 2010	8 December 2011	Year 6: Geological and Geophysical Studies	
EPP 34	Exoil Limited Moby Oil & Gas Limited National Energy Pty Ltd United Oil & Gas Pty Ltd Gascorp Australia Pty Ltd National Gas Australia Pty Ltd	Otway	6 Years	25 March 2004	24 March 2005	Year 1: Data Collection and Mapping	Completed
				25 March 2005	24 March 2006	Year 2: Reprocess Existing 2D Seismic Data, Mapping and Geological Studies	Completed
				25 March 2006	24 June 2008 (as extended by 12 months)	Year 3: Acquire 600 kms of New 2D Seismic	Completed
				25 June 2008	24 June 2009	Year 4: Seismic Interpretation, Mapping and Studies	Committed To and Under Suspension Extension Application
				25 June 2009	24 June 2010	Year 5: Drill One Well	
				25 June 2010	24 June 2011	Year 6: Studies Review	
EPP 35	Exoil Limited Gascorp Australia Pty Ltd Moby Oil & Gas Limited National Energy Pty Ltd	Otway	6 Years	17 August 2006	16 August 2007	Year 1: Geotechnical Studies	Completed
				17 August 2007	16 August 2008	Year 2: Reprocess Existing 2D Seismic Data and Geotechnical Studies	Completed
				17 August 2008	16 August 2009	Year 3: Carry Out 325 km² 3D Seismic Survey	Committed To and Under Suspension Extension Application
				17 August 2009	16 August 2010	Year 4: Seismic Interpretation, Mapping and Studies	

Petroleum Exploration Permit No.	Title Holders	Locality Offshore Basin	Term	Commencement Date	Current Expiry Date	Minimum Work Requirements	Notes
				17 August 2010	16 August 2011	Year 5: Geotechnical Studies	
				17 August 2011	16 August 2012	Year 6: Drill One Well and Geotechnical Studies	
EPP 36	Exoil Limited Gascorp Australia Pty Ltd Moby Oil & Gas Limited National Energy Pty Ltd	Otway	6 Years	17 August 2006	16 August 2007	Year 1: Geotechnical Studies	Completed
				17 August 2007	16 August 2008	Year 2: Geotechnical Studies	Completed
				17 August 2008	16 August 2009	Year 3: Acquire 1,100 kms of New 2D Seismic	Undergoing formal cancellation procedures.
				17 August 2009	16 August 2010	Year 4: Geotechnical Studies	
				17 August 2010	16 August 2011	Year 5: Geotechnical Studies	
				17 August 2011	16 August 2012	Year 6: Drill One Well and Geotechnical Studies	
VIC/P61	Exoil Limited Gascorp Australia Pty Ltd Moby Oil & Gas Limited Octanex Group	Otway	6 Years	8 February 2005	7 February 2006	Year 1: Acquire 760 kms of New 2D Seismic	Completed
				8 February 2006	7 December 2007	Year 2: Carry Out 450 km² 3D Seismic Survey	Under Suspension and Extension Application
				8 December 2007	7 December 2008	Year 3: Seismic Interpretation	
				8 December 2008	7 December 2009	Year 4: Geological and Geophysical Studies	
				8 December 2009	7 December 2010	Year 5: Drill One Well	
				8 December 2010	7 December 2011	Year 6: Office Studies	

The risks described in this Section and elsewhere in this OIS are not necessarily exhaustive. Applicants should realise that any company with resource-based operations is subject to a wide range of risks, many of which may not be foreseeable.

Before deciding to invest in the Company, Applicants should read this document carefully, in its entirety and with particular emphasis on the risk factors detailed in this OIS. There are risks associated with holding Exoil Shares and some of those risks are described in this Section.

The business operations of the Group will be subject to risks which may impact adversely and severely on its future performance. These risks may adversely affect the value of any shares in the Company. The value of Exoil Shares (and Options) will depend on factors beyond the immediate control of the Board. Applicants face the risk that, while the Board will seek to achieve its stated aims, it may not be able to do so.

In common with most resource-based companies, risks associated with investment in Exoil's securities include:

Share price risks. Applicants should recognise that the prices of shares fall as well as rise. Many factors affect the price of shares including local and international stock markets, movements in interest rates, economic and political conditions and investor and consumer sentiment. Applicants will be aware that in the last 18 month period in particular, there has been an unprecedented level of volatility on world stock markets and that no predictions can be made as to whether that period of volatility has now ended.

Investment risks generally. Holding Exoil shares will be subject to risks of a general nature relating to investment in shares and securities and especially where the company in which the investment is made has a comparatively small market capitalisation, such as is the case with Exoil.

Risks related to investment in resources. Exploration and/or development of resources, particularly oil and gas, the area of the Company's activities, are subject to high levels of risk.

Fiscal risks. These risks involve the imposition of additional taxes, imposts and other charges by government from time to time relating to revenue or cash flow. Industry profitability can be affected by changes in tax policies and the interpretation and application thereof.

Macro economic and political factors. Apart from exchange risks, there are a wide range of other macro economic and political factors beyond the control of Exoil which will affect the Company's operations. These include the consequences of terrorist and other activities, which themselves impact adversely on the global economy, demand for commodities, particularly oil and gas, and share market conditions and share prices generally.

Risks relating to commodity prices. Commodities, particularly oil and to a lesser extent gas, are subject to high levels of volatility in price and demand. While oil prices increased rapidly over the period from early 2007 to July 2008, reaching record levels, Applicants should understand that those prices can also decline with equal or even greater rapidity, and have done so, demonstrating high volatility. Given that Exoil does not have production, this risk is not directly applicable, although, as commodity prices will affect the willingness of third parties to invest or enter into joint ventures with Exoil (or any other explorer), this volatility could have adverse results on Exoil and its operations.

Political and other factors. These risks include those such as changes in levels of consumer confidence, which affect consumption patterns and consequently demand for a wide range of products, including commodities such as oil and gas. In the event of a major worldwide recession, demand for oil and gas would be negatively affected, with consequent effects on prices which could impact on the viability of Exoil's operations: even assuming that commercially exploitable reserves were established.

Sufficiency of funding. The Source and Application of Funds Statement in Section 1 assumes expenditure of $7,919,485 by the Company in meeting its share of the cost of drilling the Braveheart -1 well and the Cornea 3 appraisal well after selling a 13.00% interest in WA-342-P. These amounts are based on current estimated well costs for those wells, but Applicants should note that if those estimated well costs are exceeded, for any reason, the Company will still have a liability to contribute to the costs of the wells above that amount. The sale of a 13% interest in WA-342-P will provide the Company with a net $3,133,000, leaving the Company with an obligation to fund a presumptive $4,786,485. The Issue is underwritten to an amount of $3,077,526 with an amount of up to $2,000,000 available under the Loan Facility provided by the Underwriter.

In considering the costs of drilling the Braveheart-1 well and the Cornea 3 appraisal well, it should be borne in mind that the estimated well costs for each well includes contingency amounts approximating three days operations which, at an average daily operating cost per day approximating $900,000, provides a buffer zone or cushion of approximately 15% of the costs of drilling the Braveheart -1 well and a buffer zone or cushion of approximately 11% of the costs of drilling the Cornea 3 appraisal well.

Consequently, barring unforeseen consequences and events, the funds to be raised or otherwise made available to the Company should be sufficient to meet the costs of drilling those wells. However, no guarantee can be given that this will be so. If unforeseen circumstances, such as cyclones or breakdowns occur, the cost of drilling one or more of the wells could exceed the Company's available funds.

Further, even if the costs of the wells are not in excess of the estimated well costs, the Company could still be required to contribute additional funding for the wells or either of them in the event that another party in either the Braveheart Joint Venture or the Cornea Joint Venture went into default of its obligations and was unable, for any reason, to cure its default.

Apart from the above, the Company will, from time to time, need to raise significant additional capital to implement and complete its business plans and meet all work and planned and unexpected expenditure commitments on its permits. Any requirement to raise additional capital has two consequences for Applicants. First, it will result in their shareholding in Exoil (possibly) being diluted. Second, if additional capital is not raised then the Group's operations may not be able to be funded, with the result that their securities may significantly decrease in value. The total amount of capital that may be required to be raised in the future is not presently able to be ascertained. However, Applicants should note the forward commitments as disclosed in note 12 to the financial statements in Section 10 under the heading "Estimated work program commitments (exclusive of contracted drilling commitments)". Section 5 sets out the work programme obligations in detail relating to each permit.

Expenditure on permit operations will be dependent in part on the results of exploration activities from time to time, approval of work programmes and budgets (by the Board and/or the relevant Joint Ventures) and available working capital. When required, further funds will be sought from a combination of sources which may include remaining working capital, farmouts, partial sale of the Company's interests, the proceeds of further share issues or the exercise of options. If the Company fails to meet its expenditure obligations it would be in breach of the terms of the relevant joint venture. In the case of field development capital expenditure, funding may need to be obtained via project loan finance. The Directors consider it reasonable to anticipate that, if the Company achieves any significant level of success in its operations, the Options would be exercised.

The success of the Company will also depend upon it having access to sufficient development capital (in the event of a commercial discovery), being able to maintain title to its permits and obtaining all required approvals for its activities.

Contract risks. Exoil will operate through a series of contractual relationships with operators, technical experts, project managers and contractors generally. All contracts carry risks associated with the performance by the parties of their obligations as to time and quality of work performed. Given that Exoil is in joint venture with various other parties and has, or may, enter into farm out agreements where its obligations are assumed by others, the incapacity of those joint venturers or farminees to meet contracted obligations would adversely affect the Company's capacity to carry out its own activities. In this respect Applicants are referred to the terms of the JOA's to which the Company is party as referred to in clause 1.2 in Section 7.

Regulatory risks. Operations by Exoil may require approvals from regulatory authorities which may not be forthcoming, either at all or in a timely manner, or which may not be able to be obtained on terms acceptable to the Company. While Exoil can reasonably believe that all requisite approvals will be forthcoming, and whilst the Company's obligations for expenditure will be predicated on any requisite approvals being obtained, Applicants should be aware that Exoil cannot guarantee that any or all requisite approvals will be obtained. A failure to obtain any approval would mean that the ability of Exoil to participate in or develop any project, or possibly acquire any project, may be limited or restricted either in part or absolutely.

Litigation. Exoil is presently not involved in litigation and the Directors are not aware of any basis on which any litigation against the Company may arise. However, there is always the risk that litigation may occur as a result of differing interpretations of obligations or outcomes.

Exploration and drilling risks. Petroleum exploration involves significant inherent risks in predicting the location and nature of potential petroleum accumulations in the sub-surface. Exoil cannot give any assurance that its exploration programme will result in the discovery of any accumulation of oil or gas, nor that any discovery will be commercially viable or recoverable. Risks in relation to drilling operations include break-downs, delays due to weather or sea conditions and shortages of critical equipment or materials. There are also the financial and environmental risks of drilling incidents such as blow-outs, fires and oil spills. The Company mitigates these risks via its safety and environmental policies, plans and procedures and will arrange appropriate insurances for particular risks. All of these risks may materially affect the cost of drilling or other operations and adversely impact on any outcome from those operations.

In the event that exploration programmes prove to be unsuccessful, this will likely lead to: a diminution in the value of any of the Company's permits subject to such unsuccessful exploration activities; a reduction in the cash reserves of the Company by virtue of the costs of such activities; possible increased difficulty in raising additional funds following any such unsuccessful activity (particularly drilling); and possible relinquishment of permits.

Discovery risks. Any discovery may not be commercially viable or recoverable. For a wide variety of reasons, not all discoveries are commercially producible.

Production risks. The Company currently has no producing petroleum interests. It must also be understood that, while there may be indications of the potential for hydrocarbons to be present within the Company's permits, no formal reserves have been defined or measured within any of the permits in which the Group has an interest. Therefore, there can be no assurance given that the Company will achieve production from any of the permits it has an interest in.

Even if a discovery well is drilled on any of the permits, the capacity of Exoil to achieve production will depend on a wide range of factors in addition to a successful exploration outcome. These factors include (but are not limited to) development decisions, capital costs and operating costs that may be applicable to the individual projects and the capacity of Exoil to fund those costs.

If production is achieved then unanticipated problems may increase extraction costs and reduce anticipated recovery rates. In some cases, increases in costs, whether in conjunction with falling oil and gas prices or otherwise, may result in the discovery of a hydrocarbon accumulation not being commercial or ceasing to be commercial.

Reserves calculation risks. The Group has no reserves at present. However, even if at some time in the future the Company is successful in establishing reserves from any future discovery, it should be recognised that there are numerous difficulties inherent in estimating reserves. Any future statements by Exoil as to reserves, which might follow on any future discovery when and if made by the Company, should at best be regarded as preliminary indications or possibilities and not be relied on. The variables on which estimates of reserves are made include a number of factors and assumptions such as historical production, comparisons with production from other producing areas, assumed effects of regulation by government agencies, assumptions regarding future oil and gas prices and future operating costs, all of which may vary considerably from actual results. Assumptions that affect either the cost of recovery or the viability of recovery of any resource will affect any calculation of reserves.

Environmental compliance and risks. In carrying out operations, the Company and its relevant Joint Venture participants are required to comply with the *Environment Protection and Biodiversity Conservation Act 1999 (Cwth)* ("EPBC Act") which specifies and regulates the environmental protections needed to be put in place by operators to avoid and minimise adverse environmental impact from those operations. The EPBC Act sets out stringent conditions which must be complied with by operators and imposes rigid conditions that must be met before operations can commence. In the event of breaching any such conditions, the Company may be liable to prosecution and the imposition of penalties.

As a result of the recent oil and gas leak, and subsequent fire, on the Montara well in the Timor Sea, there is, generally a heightened awareness of environmental risks and this may lead to an increased level of compliance requirements and due diligence being required to be applied by Operators in carrying out drilling and other operations. This may increase costs and time frames for obtaining all relevant approvals for such operations.

Further, following cessation of any production from future operations, Exoil will be required to participate in abandonment programmes resulting from operations in which it participates, removal of disused plant and equipment and where necessary, restoration of the environment that has been disturbed in the course of operations. The cost of that participation may be considerable if operations result in significant environmental liabilities being incurred. In such a case, any allowance made for rehabilitation could possibly be inadequate.

Operational risks. These include the possibility of environmental accidents, the risk of unexpected mechanical failure or equipment breakdown resulting in loss of production and additional expense generally, unexpected interruption to or imposition of onerous conditions on access, industrial disputes and resultant increases in costs of operation.

Climatic and geographic risks. All of the permits held by the Company situated in offshore areas of Australia. Operations in these areas are generally more prone to being affected by adverse climatic conditions, including cyclonic conditions. In all such locations, local weather conditions can have adverse effects on the ability to operate.

Insurance. Exoil's operations will expose it to risks and hazards typically associated with exploration for, and development and production of, hydrocarbons. In accordance with customary industry practices, the Company intends to maintain insurance against various of the risks associated with drilling. The availability of insurance and the rates at which it may be available will determine which losses are insured against and in what amount. The occurrence of any significant event which is not insured against could seriously harm the Company and its operations and adversely impact on its financial condition.

Title and tenement risks. A risk exists that some or all of the tenements (i.e. permits) that the Group holds or has interests in may, when required to be renewed, not be renewed by the regulatory authorities for various reasons. Each lease or licence is issued by the Commonwealth of Australia for a specific term and carries with it work commitments and reporting obligations, as well as other conditions requiring compliance. Consequently, the Group could lose title to, or its interests in, one or more tenements if permit conditions are not met or if sufficient funds are not available to meet work commitments. Any failure to comply with the work commitments or other conditions on which a permit are held exposes the permit to forfeiture. If sufficient work is not carried out as is required, then those permits could be cancelled, without compensation.

In the event of a commercial discovery, the permit holders will have the right to apply for a retention lease or production licence over that discovery. The grant of such a lease or licence will only be granted on the terms and conditions that the Designated Authority considers appropriate. Once granted, such retention leases or production licences are liable to forfeiture on breach of any of its conditions.

Finally, even though the terms of any Joint Venture Operating Agreement ("JOA") to which a member or members of the Group is a party (see Material Agreements at clause 1.2 of Section 7) may impose obligations on the other joint venturers to meet cash calls and pay their share of expenditure, they may fail to do so. The Company may not have the funds to fund any defaulting co-venturer's interest.

Native Title. A risk exists that some or all of the tenements (i.e. permits) that the Company holds or which it may in future acquire will be subject to Native Title claims. However it should be noted that the grant of a mining or petroleum tenement in an offshore area does not require the consent or agreement of any native title claimants for the relevant area. The obligation to negotiate with registered native title claimants for the grant in respect of offshore areas does not apply. Further, notice of activities proposed to be undertaken on the tenements may have to be given to registered native title claimants but their prior consent or approval to the activities is not required. While compensation may be payable to native title rights holders under the Native Title Act for any effect on established native title rights by the grant of the tenements, the amount of the compensation will be dependent upon the nature of native title right claimed and the degree to which it has been affected and any compensation would be payable by the party carrying out the act; which in this case would be the Commonwealth Government as grantor of the tenements

Set out in this Section are details of material agreements and additional information which is provided for the information of Applicants generally.

1. MATERIAL AGREEMENTS

The Company has not entered into any material agreements other than in the ordinary course of its business and the material agreements that remain uncompleted or relevant to investment in the Company are as set out below. Following is a summary of each of those agreements.

1.1 Exploration Permits: General Terms

Each of the permits were granted under "*Offshore Petroleum and Greenhouse Gas Storage Act 2006*" ("the Petroleum Act") (or the previous equivalent legislation) by the Designated Authority (an administrative body established pursuant to the Petroleum Act for an initial six year period. Details of individual permits are set out in Section 5. Generally, each of the permits provides rights to the holder to undertake exploration, including seismic surveys and drilling, within the defined area of the permit.

Under the terms of each permit the exploration work programme nominated for the first three years must be met. The permit holder may withdraw from any permit after the third permit year or at the end of any subsequent permit year, provided all the exploration work obligations up to the date of withdrawal have been met.

The permits may be renewed for two subsequent five year periods, provided they are in good standing at the end of each preceding period and provided that half of the remaining area is relinquished on each renewal. Any production licence, retention lease or location graticules are excluded from the relinquishment calculation.

The permit holders may not construct any installation in the permit or abandon, suspend or complete any well without the written approval of the Designated Authority.

The permits require the permit holders to comply with the Petroleum Act, the regulations made thereunder and, as stipulated by the relevant Designated Authority, all directions made thereunder and to carry out operations with adequate measures for the protection of the environment and to carry insurance.

At the date of this OIS, each of the permits is in good standing and all required work obligations for completed permit years has been carried out in accordance with that permit's terms, whether original or as amended from time to time with the consent of the Designated Authority.

1.2 Operating Agreements

The Company has entered into separate Joint Operating Agreements ("JOA") in relation to each of the permits in which it has an interest and where there is, or has been, an external party holding an interest in that permit.

The JOA's follow a comparatively uniform format and exceptions are minor and normally project specific. Where material differences occur they are referred to below in context. Of particular significance in the present context are the default provisions which are summarised below.

The General Terms of the JOA's are as follows:

Conduct of Joint Operations: Under each JOA, the Operator is responsible for the conduct of joint operations. The Operator may resign as operator on giving appropriate notice but is entitled to continue as operator in normal business circumstances.

Insurance: The Operator will, to the best of its ability, procure and maintain for the joint venture statutory insurances and other insurances required by the operating committee, with any other joint venturer having the right not to participate in non-statutory insurances.

Operating Committee: A joint venturer has the right to appoint one representative to serve on the operating committee which has the power and duty to authorise and supervise joint operations. Each representative has a vote equal to its participating interest. Generally a 65% affirmative vote by at least two joint venture participants (not being affiliates of one another) is required to pass a resolution. Some of the more important decisions require unanimity.

The operating committee considers exploration work programs and targets that are to be presented by the Operator up to nine months (in a preliminary way) and up to three months (in final form) before the commencement of each permit year. The operating committee meets following delivery of the final proposed work program and budget to agree a work program and budget for the ensuing year.

Once a development plan for a commercial discovery is approved, the Operator then submits development and production plans and budgets to the operating committee in advance of the commencement of the next calendar year.

Authorisation for Expenditure: Before incurring any expenditure, whether for exploration, appraisal, development or production, the Operator submits an authorisation for expenditure to each joint venturer. Each authorisation must be approved by the operating committee prior to expenditure being committed to or undertaken.

Sole Risk: Where the operating committee does not approve a proposed exploration or appraisal well, a party may undertake the project as a sole risk project with the right of the non-participants to buy back in at various premiums which differ between the cases of a development well, an appraisal well and an exploration well. The premium to buyback can normally be paid in kind (out of petroleum produced) or in cash.

Default: The JOA provides that if a party fails to pay its share of expenses that party is a "Defaulting Party" and the Operator must, within not more than 21 Days, give that Defaulting Party a Default Notice.

The Default Notice sets out the pro rata amount that each non-defaulting party must pay as its portion of the Defaulting Party's obligation.

Unless the defaulting party remedies its default in full within five business days from the date of the default notice, each non-defaulting party must pay the Operator, within five business days after receipt of the default notice, its share of the amount which the Defaulting Party failed to pay.

If the Defaulting Party fails to remedy its default by the 30th Day following the date of the Default Notice, then each non-defaulting Party has the option, exercisable at anytime until the Defaulting Party has cured its default, to require that the Defaulting Party to completely withdraw from the JOA and the permit. If this option is exercised, the Defaulting Party is deemed to have transferred its interest to the non-defaulting parties.

The JOA provides that the rights of the non-defaulting Parties in JOA are cumulative, and are in addition to any other legal rights and remedies that may be available to the non-defaulting Parties.

As a consequence of the above, any default, regardless of its cause, which is not remedied by the 30th day after a Default notice may result in the Defaulting Party forfeiting its interest in the well and the permit and also remaining liable to pay the amount of the default.

Assignments: A joint venturer may assign all or part of its joint venture interest to an affiliate, but generally assignments to non-affiliates will attract pre-emptive rights provisions. In all cases the assignee must be accepted by the remaining joint venturers as being financially capable of meeting all obligations assumed under the relevant permit and the related JOA.

Cross Charge: If the operating committee decides to develop a discovery then the parties are required to charge their joint venture interests and shares of petroleum produced in favour of one another in order to secure the performance of their respective obligations under the relevant JOA. In the same way, where any joint venturer seeks to encumber its participating interest, the party proposing to encumber its interest in favour of a third party must grant such prior ranking cross charges to which the charge in favour of the third party will be subject.

Withdrawal: Subject to certain conditions for the protection of the other party or parties to the relevant joint venture, a party which is unwilling to commit further to expenditure on a permit may withdraw from the relevant joint venture. Once development of a discovery has commenced, those conditions include a condition that other parties be willing to accept the withdrawing party's interest.

1.3 Underwriting Agreement with Great Missenden Holdings Pty Ltd

The Offer is underwritten to an amount of $3,077,526 by Great Missenden Holdings Pty Ltd ("GMH"). The underwriting obligation is unconditional. Under the Underwriting Agreement GMH, as the Underwriter, will be paid a management fee of $25,000 and will be entitled to be paid an underwriting fee equivalent to 4.5% of the amount of the Issue. These amounts will be paid from the proceeds of the Issue and are taken into account in the details of the Costs and Expenses of the Issue set out in Section 1.

Under the Underwriting Agreement, the Company must notify GMH, as Underwriter, of the Shortfall in subscriptions from Members and other Applicants within two (2) Business Days after the close of the Issue and GMH must, within a period of not more than three (3) Business Days thereafter, provide to the Company an application for the full amount of the Shortfall accompanied by the application moneys for that Shortfall.

Under the Underwriting Agreement, where a holder of an Australian Financial Services Licence ("Broker") lodges an Application for Shares (and Accompanying Options) and the Applicant is issued Shares and Accompanying Options, the Broker will be paid, direct by the Company and at the direction of GMH, commission of 3.5% of the Issue Price of the Shares the subject of that successful Application. Any such commission will be paid to all such Brokers at the same time as underwriting commission is paid to GMH. Any moneys paid to Brokers as commission will be deducted from commission paid to the underwriter so that total commission does not exceed 4.5%.

1.4 Loan Facility Agreement with Great Missenden Holdings Pty Ltd and associated Deed of Charge

The Loan Facility terms are described in general terms in Section 1. Under the Loan Facility Agreement, GMH has agreed to provide the Company with a loan facility under which the Company may, on short notice, draw down an amount up to the Shortfall Amount, which would be a maximum amount of $2,000,000, if necessary to meet the costs of drilling the Braveheart-1 well and the Cornea Appraisal well.

Any funds advanced under the Loan Facility Agreement will be repayable from the proceeds of future share issues, including exercise of options, from proceeds of farmouts or sales of assets and generally from any funds receivable by the Company until the debt is repaid. The loan would bear interest at the rate charged by National Australia Bank Limited on bank overdraft rates of amounts of over $100,000 with interest to be paid quarterly in arrears and, if not paid, interest will be capitalised and added to the principal amount. The following comments are made on each aspect of those terms below.

Security: A registered fixed and floating debenture charge over the assets of the borrower would be a normal form of security for a loan of this nature. The terms are those of a normal mortgage debenture charge although the repayment and default provisions are tied to the terms of the loan and consequently operate only where there is a default under the Loan Facility Agreement.

Loan Facility fee: No loan facility fee is charged. Normally a procuration fee or loan facility fee would be charged on commercial loans. As these are not charged by the lender, the provisions of the Loan Facility Agreement related to these matters are more favourable to the borrower than if the loan was obtained on an arms length basis.

Interest rate: Interest rates would normally be at a premium above the overdraft rate fixed by the NAB on overdrafts in excess of $100,000 for loans of this type, if such a loan was available. The provisions of the Loan Facility Agreement related to interest rate charged are more favourable to the borrower than if the loan was obtained on an arms length basis.

Interest payments: A requirement that the interest on the loan be paid in advance would be normal for a loan of this nature. Additionally, and contrary to the terms of normal secured loans, under the Loan Facility Agreement failure to pay interest on the due date does not result in a breach of the Loan Facility Agreement which crystallises an obligation to repay the full amount of the loan. The provisions of the Loan Facility Agreement related to repayment are more favourable to the borrower than if the loan was obtained on an arms' length basis.

Default: Normally, under most loan agreements, failure to pay any interest instalment on the due date would crystallise a default on the part of the borrower, resulting in the full amount of the loan becoming immediately repayable. That is not so under the Loan Facility Agreement which provides that unpaid interest is capitalised and added to the principal amount of the loan. Consequently, the provisions of the Loan Facility Agreement related to default are more favourable to the borrower than if the loan was obtained on an arms' length basis.

Repayment: Normally such a loan would be for a fixed term, with a fixed repayment obligation, the breach of which would enable the Lender to put the borrower into receivership, with failure to repay resulting in sale of assets followed by liquidation if the full amount of the loan was not repaid.

Additionally, the terms of the Loan Facility Agreement provide that loan repayment is to be made from specific sources of future funding which ties repayment to capacity to obtain that finance or funding, whereas in a normal loan facility there is a fixed term for a loan and failure to repay on the repayment date results in default.

Under the Loan Facility Agreement there is no fixed date for repayment. Consequently, the provisions of the Loan Facility Agreement related to repayment are more favourable to the borrower than if the loan was obtained on an arms' length basis.

The Directors, other than Mr Albers who is associated with the lender, each consider that no financial benefit is being received by Mr Albers (or his Associates) by the terms of the Loan Facility Agreement and that the terms of the Loan Facility are more favourable to the Company than would be able to be obtained from any lender on arms length commercial terms.

1.5 Sale Agreements for an aggregate 13% interest in WA-342-P

By two separate agreements, the Company has agreed to sell an aggregate 13.00% interest in WA-342-P. for an aggregate amount of $3,133,000 on the basis that, as a condition of each of those sales, interests associated with Mr Albers make available the Loan Facility Agreement referred to in clause 1.4 above and as necessary, advance funds under that Loan Facility Agreement up to the limit thereof if required by the Company on the basis that the funds advanced will only be used to fund the drilling of the Braveheart-1 well and the Cornea 3 appraisal well (and no other purpose). The funds will only be drawn down to the extent to which the Company's other resources (including its present cash resources, the proceeds of the Issue and the proceeds of sale of the interests in WA-342-P) are insufficient for that purpose. On this basis it is a term of the sales that the Company receives that additional benefit from the transaction.

The purchasers of the interest in WA-342-P are Octanex N.L. (which proposes to acquire an 8% interest for $1,928,000) and Auralandia N.L. (which proposes to acquire a 5% interest for $1,205,000). Each of the purchasers is a related party of Mr Albers.

The Directors, other than Mr Albers who is associated with the lender under the Loan Facility Agreement and the purchasers under the sales contracts, each consider that the terms of each of the sale transactions are more favourable to the Company than would otherwise be available from any arms length transaction which might be obtained as farmout terms or sales terms from any independent party.

Apart from the requirement of a loan of up to $2,000,000 being made to the Company on the terms set out herein, the sale price is based on the same terms as those on which other transactions are proposed for farmins in relation to WA-332-P, WA-333-P and WA-342-P and are directly related to the present estimated costs of drilling. A proviso to the sale agreements provides that if the final cost of drilling the Cornea-3 Appraisal well is less than the purchase price in each instance, then the purchase price will be abated by the pro rata amount of that reduction applicable to the interest purchased. This makes the financial terms a reflection of the terms of a 2 for 1 farm in.

A significant benefit that the Company derives from the transaction (which benefit is not industry standard) is that the sale has attached to it the requirement for the making available of the Loan Facility: which means that the terms are, from the Company's point of view, much more advantageous than standard industry terms. No financial institution such as a bank or other lender would lend the Company any funds on the terms offered under the Loan Facility Agreement.

The Directors, other than Mr Albers who is associated with the lender, each consider that, excluding the terms requiring the loan to be made available, the terms of sale would be reasonable in the circumstances if the purchasers and the Company were dealing at arm's length because they have the same financial effect and result as a standard industry farmin. When considered as a sale, by providing for abatement of purchase price and the loan requirement, the Directors, other than Mr Albers, consider that the terms become more favourable to the Company than would be able to be obtained from any purchaser on an arms' length commercial basis.

1.6 Farmin Agreement between Exoil and Cue Petroleum Pty Ltd ("Cue Petroleum") with respect to Vic/P53

On 10 December 2004, Cue Petroleum entered into a farmin agreement with Exoil pursuant to which Cue Petroleum agreed to assign a 50% interest in Vic/P53 to Exoil in consideration for the agreement of Exoil to meet 66.667% of the costs of the Bazzard 3D seismic programme, 66.667% of the costs of the first well (Bazzard-1) in the Vic/P53 permit and 60% of the costs of the second well. Exoil also agreed that the 50% interest assigned to it is encumbered with a pro-rata share of a pre-existing 4% overriding royalty obligation in favour of Australian Crude Oil Company, Inc ("ACOC"). This overriding royalty was created via a farmin agreement between Cue Petroleum and ACOC, pursuant to which Cue Petroleum acquired its rights in respect to Vic/P53.

Following the drilling of Bazzard-1, Stuart Petroleum (Offshore) Pty Ltd ("Stuart") has elected to not drill a second well in the permit to earn a 50% interest in the permit under the farmin referred to in clause 1.7 below. Stuart has now delivered up to Exoil a transfer, which on registration with the Designated Authority, will retransfer to Exoil the 33.333% interest in the permit assigned to Stuart under that farmin. Exoil also has the right to elect not to proceed with the next well in the permit and if Exoil makes such an election it must re-assign it's then 50% interest in the permit to Cue Petroleum. At this time Exoil has not determined whether it will retain that interest or re-assign it to Cue Petroleum.

1.7 Farmin Agreement between Exoil and Stuart with respect to Vic/P53

On 17 August 2007, Exoil, Cue Petroleum and Moby Oil & Gas Ltd ("Moby") entered into a farmin agreement with Stuart pursuant to which Exoil assigned Stuart a 33.333% interest in Vic/P53 and Moby assigned to Stuart a 16.667% interest in the permit. To retain that interest Stuart had to drill two wells. Stuart drilled Bazzard-1 as the first well of those two wells referred to above and now elected to re-assign its interest in the permit to Exoil and Moby. On that re-assignment becoming effective, Exoil's interest will be 50%, pending any decision by Exoil as to whether it re-assign that interest back to Cue Petroleum under the agreement in clause 1.6 above. At this time Exoil has not determined whether it will retain that interest or re-assign it to Cue Petroleum.

1.8 Farmin Agreement between Exoil and Gascorp Australia Pty Ltd ("Gascorp") with respect to EPP 35

On 30 June 2008, Exoil entered into a farmin agreement with Gascorp pursuant to which Gascorp agreed to meet the first $1,200,000 of Exoil's share of the costs of the seismic survey of 325 km² of new 3D data which was to be acquired in EPP 35 prior to 16 August 2009. The necessary environmental consents to carry out the seismic survey have not been granted so it has not been acquired as at the date of this OIS. As consideration, Exoil agreed to assign a 10% interest in EPP 35 to Gascorp. Exoil will retain a 20% interest in the permit when the farmin is completed.

1.9 Songa Venus Rig and Drilling Service Arrangements with respect to WA-333-P

On 14 July 2008, Exoil's wholly-owned subsidiary Hawkestone Oil Pty Ltd ("Hawkestone"), acting in its capacity as Operator of the Browse Joint Venture, entered into two agreements relating to the steps taken to secure a rig to drill the Braveheart-1 well in WA-333-P.

The first agreement, the Project Management Services Agreement, is between Hawkestone and Australian Drilling Associates Pty Ltd ("ADA") and other parties pursuant to which Hawkestone has agreed to engage ADA to provide drilling management services to Hawkestone as operator. Hawkestone has agreed to pay to ADA aggregate management fees of $900,000 on behalf of the joint venture.

The second agreement is the Drilling Co-operation Agreement between Hawkestone, ADA and all the other members of the consortium formed to contract the Songa Venus rig ("DCA"). Those consortium members are Hawkestone Oil Pty Ltd (ABN 23 052 812 236), Auralandia NL (ABN 53 004 913 884), Stuart Petroleum (Offshore) Pty Ltd (ABN 99 127 971 363), MEO Australia Limited (ABN 43 066 447 952), CNOOC Australia E&P Pty Ltd (ABN 85 118 934 062) and Anzon Energy Limited (ABN 43 097 972 364). Each of those consortium members is an Operator under the DCA and the italicised terms in this Section 1.9 are defined terms in the DCA.

Under the DCA, the various consortium members have agreed how they will share certain rig costs, including mobilisation, demobilisation and towing costs and have agreed to pay various fees to ADA associated with ADA's work in bringing the consortium together and securing shared services (logging contracts, work boats and the like).

Each *Operator* agrees to undertake its *Drilling Program* in accordance with the DCA. Clause 3.9 of the DCA requires that each *Operator* acknowledges that it will be required under the *Drilling Contract* to pay the *Drilling Contractor* the applicable *Daily Rate* for each *Day* the *Drilling Unit* is utilised in undertaking that *Operator's Drilling Program.*

The DCA is based around each *Operator* having provided an estimate of the number of days that that *Operato*r will require for its *Drilling Program*. In the event that any *Operator's Drilling Program* results in what are defined as *Shortfall Days*, because that *Operator's Drilling Program* was shorter in duration than estimated, that *Operator* is liable to pay the cost of those *Shortfall Days*. However, if ADA cannot recover the cost of those *Shortfall Days* from any *Operator* the DCA provides that all of the *Operators* have joint and several liability to pay the cost of the *Shortfall Days* to ADA.

Under the terms of the DCA, ADA may require the *Operators* to provide ADA with any of:

- a bank guarantee ;
- a parent company guarantee ;
- advanced payment of funds into an escrow account held by ADA.

Although the DCA provides for specific liability for each *Operator* for other costs, including mobilisation and demobilisation costs, the DCA also provides for joint and several liability for those costs.

The primary risk that each of the members of the consortium is exposed to under the DCA is a failure by any other *Operator* or *Operators* to meet their contracted drilling obligations and associated costs, thus leaving a shortfall in payment to ADA which, after the various enforcement procedures set out in the ADA are exhausted in relation to the defaulting party, each consortium member must assume liability for. While each *Operator* has rights against a defaulting *Operator* to enable it to pursue recovery of any liability which it meets because of default, the recovery of such amounts might be uncertain and the prospect must exist that recovery might not be possible. However, the Company has no reason to believe that any of the *Operators* will default in any manner which will crystallise those joint and several liabilities.

These agreements together form the contractual framework pursuant to which Hawkestone, as operator, has secured the Songa Venus rig to drill the Braveheart-1 well and the services of ADA to manage the drilling programme.

1.10 **Songa Venus Rig and Drilling Service arrangements with respect to WA-342-P**

On 21st October 2009 (with effect from 1st September 2009), Hawkestone, acting in its capacity as Operator of the Cornea Joint Venture, entered into an agreement with Auralandia N.L. ("Auralandia") relating to securing a drilling slot on the Songa Venus to drill the Cornea 3 appraisal well in WA-342-P. Consequently the provisions of the Songa Venus Rig arrangements with respect to WA-333-P referred to in clause 1.9 above apply with like effect to WA-342-P.

Auralandia is a party to he Drilling Co-Operation Agreement referred to in clause 1.9 above and is an *Operator* under the DCA. Hawkestone has taken an assignment of all of Auralandia's rights, obligations and interests in the *Rig* and *Drilling Contract*. This enables Hawkestone to utilise the Songa Venus rig to drill the Cornea 3 appraisal well.

1.11 **Songa Venus Drilling Contract and Deed of Accession**

By a combination of Deeds of Accession executed between Hawkestone Oil Pty Ltd and Auralandia N.L., each of those parties acceded to the Songa Venus Drilling Contract ("the Drilling Contract") and became a member of a drilling consortium comprising other parties who have acceded to the Drilling Contract. The Deeds of Accession are straightforward.

The Drilling Contract is a contract entered into between Songa Offshore ASA ("Songa Offshore") and Australian Drilling Associates Pty Ltd (ADA) under which the Songa Venus semi-submersible drilling rig ("Songa Venus") has been contracted to drill combined programme for the drilling consortium.

Under the Drilling Contract, Songa Offshore provides the Songa Venus to enable the drilling of wells for each of the members of the drilling consortium. The initial term of the Drilling Contract is for a period of 355 days of which 55 days are "move days", and commenced on or about 8 January 2009.

Songa Offshore has provided the rig at a daily operating rate of US$400,000 during the period in which the Songa Venus is operating and at a cost of US$388,000 during mobilisation, demobilisation and in relation to periods where the rig is moving. Under the Deeds of Accession, Hawkestone and Auralandia have effectively committed to pay for the Songa Venus rig for an aggregate of 36 days at the operating rate and 2 days at the moving rate. The allocation between the Braveheart-1 well and the Cornea 3 appraisal well is 15 days for the Braveheart-1 well and 21 days for the Cornea 3 appraisal well. The move days will be pro rated between the relative parties on that ratio.

If all the wells, as contracted, are drilled in less than the Drilling Contract period (355 days) then each drilling consortium member in respect of whom there is a shortfall period (as defined) undertakes to pay Songa Venus the applicable daily rate for each day in the shortfall period. However, there is unlikely to be a shortfall period of material consequence, if at all, as the 355 days Drilling Contract period expires on or about 29 December 2009.

1.12 **Farmout Agreement between Exoil and MEO with respect to WA-359-P**

On 24 October 2007, Exoil and Cue Exploration Pty Ltd, a subsidiary of Cue Energy Resources Ltd, entered into a farmin agreement with North West Shelf Exploration Pty Ltd ("North West"), a wholly owned subsidiary of MEO Australia Limited, relating to WA-359-P.

In consideration of the immediate assignment by Exoil to North West of a 30% interest in WA-359-P ("Initial Interest ") North West agreed:

(a) to pay $216,667 to Exoil and Cue Exploration to be divided between them equally (or as agreed); and

(b) to meet all the costs associated with the year-3 commitment to acquire 250 line kms of new 2D seismic (now completed) attaching to WA-359-P.

On or before 1 January 2010 North West must give a Notice to each of Exoil and Cue Exploration stating whether North West irrevocably commits to the drilling of the First Well in WA-359-P or reassign the 30% interest to Exoil.

If North West does so irrevocably commits, the notice must include all matters relating to a well proposal required under the JOA including details of the proposed location, target, drilling depth and estimated cost of the proposed well. Such a notice provides North West with the right to retain its interest in the Initial Farmout Interest and the JOA beyond 31 December 2009.

On receipt of a notice from North West agreeing to commit to a well, Exoil has up to 70 days to decide whether it will meet not less than 5% and up to 10% of the Well Costs.

If both Exoil and Cue Exploration make such an election then the respective Participating and Contributing Interests of Exoil, Cue Exploration and North West shall be as follows:

Participant	Contributing Interest	Participating Interest
Northwest	90%	60%
Exoil	5%	20%
Cue Exploration	5%	20%

If both Exoil and Cue Exploration fail to make any election upon receipt of a notice from North West they must each assign and transfer to North West a further 5% Participating Interest. Thereafter, until the First Well is completed, North West must meet and pay for all ongoing exploration costs relating to the permit (including all well costs). In this circumstance the participating and Contributing Interests of Exoil, Cue Exploration and North West shall be as follows:

Participant	Contributing Interest	Participating Interest
Northwest	100%	70%
Exoil	0%	15%
Cue Exploration	0%	15%

1.13 **Senior Executives and Officers Option Plan**

Under the Plan the Directors may issue options to Eligible Persons. These are executive officers whether in a full time or part time position, including any director, secretary, public officer, or employee who is concerned or takes part in the management of the Company.

The total number of unissued shares in respect of which options have been granted under this Plan when aggregated with the number of outstanding options granted or shares issued pursuant to all employee share and option schemes established by the Company shall not exceed seven and a half percent (7.5%) of the aggregate of the total number of issued ordinary shares in the capital of the Company and all outstanding options granted and all shares issued pursuant to all employee share and option schemes established by the Company as at the date of the letter of offer.

The Directors may in their sole discretion select Eligible Persons to whom options shall be offered and determine the number of options to be offered to an Eligible Person. The Directors may have regard to the length of the period of service and record of employment of the Eligible Person with the Company and the potential contribution of the Eligible Person to the Company.

The number of options to be offered to an Eligible Person under the Plan shall be notified in a letter of offer from the Company. Acceptance of such offer shall be in writing in a form acceptable to the Directors.

Each option shall entitle the Participant to subscribe for one share upon exercise of the option.

The options may be exercised as follows:

as to 1/5 of the options granted, during the first year from the date of grant.

as to 1/5 of the options granted, during the second year from the date of grant.

as to 1/5 of the options granted, during the third year from the date of grant.

as to 1/5 of the options granted, during the fourth year of the date of grant.

as to 1/5 of the options granted, during the fifth year from the date of grant.

To the extent that a holder of options declines to exercise options to the fullest extent possible in one year may exercise options in respect of the shortfall in a later year.

If the Optionholder has not exercised his options in respect of all the shares the subject thereof by the fifth anniversary of the grant of the options, the options will lapse and he will not thereafter be able to acquire the shares.

Each option may be only exercised at the exercise price relevant to that option; being $0.30 (30 cents) or $0.40 (40 cents).

The options shall be exercisable wholly or in part in parcels of 100 or multiples thereof by delivering to the Company at its registered office a duly completed and executed exercise notice.

The options are not assignable or transferable without the prior written consent of the Directors, except in the case of the death of a participant in the Plan ("Participant") when options may be transmitted to the personal representative of the deceased.

The restrictions on exercise cease to have effect in a number of circumstances. These circumstances are that:

In the event of any proposed reconstruction or distribution of the issued capital of the Company, all the terms and conditions of this Plan shall be deemed to be modified so as to remove all restrictions on exercise thereof so as to permit such options to be immediately exercisable by the holders thereof.

In the event that either:

(a) a bona fide takeover bid pursuant to the Act is made for more than 50% of the issued share capital of the Company, or

(b) the Company makes an announcement that it proposes to merge with another company by means of a Scheme of Arrangement to be effected pursuant to the Act, or

(c) the Company proposes to effect a merger with any other company by any other lawful means;

all the terms and conditions of the Plan shall be deemed to be modified so as to remove all restrictions on exercise thereof so as to permit such options to be immediately exercisable by the holders thereof.

If a Participant ceases to be an Eligible Person except as set out below, the options held by the Participant and not at that time exercised shall be cancelled and shall cease to be of effect.

If a Participant:

(a) ceases to be an Eligible Person due to retrenchment or normal retirement from the workforce, all of the Participant's options shall be exercisable for a period of six months (or such longer period as the Directors may determine) from the date of retrenchment or retirement.

(b) dies then the right of the Participant to exercise options not at that time exercised shall vest in the Participant's executor and/or administrator as the case may be.

The Plan may be terminated at any time by resolution of the Directors but any resolution shall not affect the rights of any existing holders of options issued in accordance with the Plan.

2. RIGHTS AND LIABILITIES ATTACHING TO SHARES AND TO THE OPTIONS TO ACQUIRE ORDINARY SHARES IN THE COMPANY

2.1 Rights Attaching To Shares

A summary of the more significant rights attaching to the Company's shares is set out below. This summary is not exhaustive nor does it constitute a definite statement of the rights and liabilities of the Members. To obtain such a statement, Applicants should seek independent legal advice.

(a) **Ranking**: The Shares will be ordinary shares and will rank equally in all respects with the existing ordinary shares in the Company.

(b) **Partly Paid Shares and Liability for Calls**: Members holding partly paid shares will be liable to pay calls and make contributions in the event of the winding up of the Company in like manner as holders of partly paid shares in any other company limited by shares. At present there are no partly paid shares on issue.

(c) **Reports and Notices**: Members are entitled to receive all notices, reports, accounts and other documents required to be furnished to Members under the Constitution of the Company ("the Constitution") and the Act.

(d) **General Meetings**: Members are entitled to be present in person or by proxy, attorney or representative to speak and to vote at general meetings of the Company. Members may requisition general meetings in accordance with the Act and the Constitution.

(e) **Voting**: At a general meeting of the Company, every Member present in person or by proxy, attorney or representative shall on a show of hands have one vote and upon a poll every Member present in person or by proxy, attorney or representative has one vote for every share held. A qualification to the above is that where a person is present at a meeting as proxy or representative for more than one Member then on a show of hands that person shall have only one vote and not one vote for each person represented by him.

A Member who holds a share that is not fully paid shall be entitled to a fraction of a vote equal to the proportion that the amount paid-up bears to the total issue price of the share.

The present constitution requires that directors of companies that have a sole director and a sole company secretary must state this when completing documents such as a proxy, appointment of corporate representative or power of attorney. The Constitution recognises the amendments to the Corporations Act which permit proprietary companies to not have a secretary and provides for such documents signed by a sole director of a company without a secretary to be valid.

Dividends: The Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to Members according to their rights and interests.

Reduction of Capital: The Company may only reduce its capital in such manner as may be permitted by the provisions of the Act from time to time.

Borrowing and Lending Powers: The Company may borrow and lend in such manner as may be permitted by the provisions of the Act from time to time.

Winding Up: Members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them respectively, less any amount which remains unpaid on their shares at the time of distribution.

Transfer of Shares: Subject to the Constitution and the Act, the shares will be freely transferable.

Future Increases in Capital: The allotment and issue of shares is under the control of the Directors of the Company. Subject to restrictions on the allotment of shares to Directors or their associates contained in the Constitution and the Act, the Directors may allot or otherwise dispose of shares on such terms and conditions as they see fit.

Variation of Rights: The rights, privileges and restrictions attaching to ordinary shares can be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary shares by a three-quarters majority of those holders who, being entitled to do so, vote at that meeting or with the written consent of the holders of at least three-quarters of the ordinary shares on issue, within two months of that general meeting.

Directors: The Constitution contains provisions relating to the rotation of Directors (other than managing directors and alternate directors).

2.2 Terms of the Options

The terms and conditions of the Options offered for subscription under this OIS are as set out below.

Options Expiring 30 June 2012, Exercisable at $0.12 (12 Cents) ("Options")

The Optionholder ("Optionholder") will be entitled to subscribe for and be allotted an ordinary share on the following terms:

(i) The Option shall expire at 5:00pm (AEST) on 30 June 2012 ("Expiry Date").

(ii) Each Option shall entitle the Optionholder to subscribe for one (1) ordinary share in the capital of the Company. A share issued on the exercise of the Option will be a fully paid ordinary share and will rank equally in all respects with the then existing issued ordinary fully paid shares in the capital of the Company from the date of issue and will be subject to the provisions of the Constitution.

(iii) The Option may be transferred at any time in accordance with the Company's Constitution and the provisions of the Corporations Act 2001 ("the Act") and the Security Clearing House Business Rules and the Listing Rules of any stock exchange on which the Options may be listed for quotation.

(iv) The Option shall be exercisable at $0.12 (12 Cents) ("Exercise Price").

(v) The Option may be exercisable at any time prior to the Expiry Date by notice of exercise in or to the effect of the form provided to the Optionholder by the Company at the time of grant of the option or otherwise accompanied by payment of the Exercise Price.

(vi) An Optionholder has no right to a change in the Exercise Price or to any change to the number of underlying securities over which the Option can be exercised.

(vii) The Option shall not entitle the holder to participate in new issues of ordinary shares offered to Members during the currency of the Option.

(viii) In the event of any reorganisation of the capital of the Company, the Options shall be treated in the manner which, if the Company were admitted to the Official List of ASX, would be required by the Listing Rules of ASX Limited in force as at the date of any such reorganisation, and as appropriate to the type of reorganisation proposed.

2.3 Options expiring 31 December 2009 and exercisable at $0.30 (30 cents) and $0.40 (40 cents)

There are 2,150,000 options extant that have been issued under the Senior Executives and Officers Option Plan described at clause 1.13 of this Section 7. These options are unlisted and are not quoted on NSX.

The terms and conditions of these options are the same as for the Options as described in clause 2.2 above EXCEPT THAT:

(i) They shall expire at 5:00pm (ADST) on 31 December 2009;

(ii) 1,175,000 of the options are exercisable at $0.30 (30 cents) with the remaining 975,000 options being exercisable at $0.40 (40 cents).

3. ADDITIONAL INFORMATION

3.1 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 of the OIS includes information on how the Company and the Board address, on an ongoing basis, the specific requirements of NSX in relation to corporate governance in general and more specifically regarding the operation of the Board itself, Board committees and their charters, the Company's code of ethics and its share transaction policy for designated officers (as they are defined).

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 policies and practice. To this end the Board annually reviews the Company's corporate governance activities 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 alternatives to the Council's eight principles & recommendations are set out below.

Given the size of the Company to date, with limited activities, limited resources and having a Board with a complement of only three Directors, it is not able to practically establish a series of separate committees to address specific areas of corporate governance. Consequently, corporate governance is (generally) dealt with by the Board under the terms of reference of its own charter. It also acts as committees in relation to the various areas or issues required to be considered, utilising formal terms of reference for the activities of those committees.

As noted, the capacity of the Company to comply with the principles & recommendations is limited because of the present size and structure of the Board.

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, compliance, remuneration and nominations - these are explained below. The 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 being able to address these functions via committees constituted with the recommended personnel.

The Board has established itself as two committees to separately address the areas of audit & compliance and remuneration & 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 relevant situations, any interested Director(s) are expected to abstain or be absent from Board or committee deliberations as required either by the Corporations Act 2001 ("Act") or as necessary to avoid conflict or possible breach of their fiduciary duties.

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.

The Charter 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;
- 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.

AUDIT & COMPLIANCE COMMITTEE

The function of an Audit & 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 to be addressed by this Committee as part of its terms of reference 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.

REMUNERATION & NOMINATIONS COMMITTEE

The core remuneration function of this Committee is reviewing the remuneration policies and practices of the Company. Where relevant, this review covers compensation arrangements for executives, 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; and
- 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
- to consider such other matters relating to Board nomination or succession issues as may be referred to it by the Board.

ADHERENCE TO THE ASX PRINCIPLES AND 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, has already been outlined above.

At the date of this OIS, the Company's only senior executives were the CEO, the Company Secretary, the Chief Financial Officer ("CFO") and a Consultant Geophysicist / Exploration Manager. Where necessary, the Company utilises non-executive directors and contractors to provide expertise for technical, legal and administrative services.

The performance evaluation of each 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 OIS, the Board comprised three Directors: Mr EG Albers, Chairman and CEO, and Mr GA Menzies and JMD Willis who are non-executive Directors but 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 current size and structure, 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 so the Company is unable to comply with this 2nd principle & recommendation in terms of board composition.

The Board determined that, where these are available, the specific skills of the 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 Albers 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. The Company does not therefore comply with this 2nd principle & recommendation in terms of independent chairmanship.

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 reference of the Remuneration & Nominations Committee.

As noted in Principle 1, 'board performance appraisals' and 'director self-assessments' have been undertaken during the reporting period.

Principle 3 - Promote Ethical and Responsible Decision-making

The Board has established a:

- board charter, outlining the responsibilities and activities of the board and individual directors within legal and regulatory requirements and the Company's constitution;
- 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 designated officers (as these are defined); and
- committee charters describing the terms of reference for the operation of the Audit & Compliance and the Remuneration & Nominations Committees.

Principle 4 - Safeguard Integrity in Financial Reporting

For each financial year, 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 and the scope of the Company's activities, the Board acts as the Audit Committee, with the functions being undertaken under the terms of reference of that Committee's charter. As noted above, because the Company has no independent directors, the composition of the Audit Committee does not comply with this 4th principle & 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 that incorporates its terms of reference. As required by that 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 disclosure requirements under the Listing Rules and the Act.

Principle 6 - Respect the Rights of Shareholders

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

- sending each of them the Annual Report;
- placing all shareholder related information and Stock Exchange announcements promptly onto the Company's 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).

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.

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 Act 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 the Remuneration Committee, with the functions being undertaken by the Board under the terms of reference of that Committee's charter.

The Board reviews the remuneration packages of Directors and executives 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 these 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 each Annual Report) 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.

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 with 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.

3.2 Dividend Policy

The Company will not pay dividends in the foreseeable future.

3.3 Consents

Great Missenden Holdings Pty Ltd ("GMH") has given and has not, before the date of this OIS, withdrawn its written consent to be named in this OIS as Underwriter to the Offer in the form and context in which it is named. GMH was not involved in the preparation of any part of this OIS, did not authorise or cause the issue of this OIS and expressly disclaims and takes no responsibility for any material in, or omission from, this OIS and makes no express or implied representation or warranty in relation to the Company, the OIS or the Offer and does not make any statement in the OIS, nor is any statement in it based on a statement made by GMH.

PKF has given and not withdrawn its written consent to be named in the OIS as Auditor of the Company and the Group in the form and context in which it is so named. In addition, PKF has given and not withdrawn its written consent to the despatch of this OIS with its Independent Audit Report, in respect of the 12 month period ended 30 June 2009 and references thereto, being included in the form and context such report and references thereto are included in this OIS. PKF has had no involvement in the preparation of this OIS, other than consenting to the inclusion of its report and such references to it and PKF has not given any professional or other advice in respect of any other part of this OIS. PKF does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this OIS.

Dr Simon Sturrock B.Sc.(Hons), Ph.D has given and not withdrawn his written consent to be named in this OIS as Consultant Geophysicist / Exploration Manager to the Company in the form and context in which he is so named and to the inclusion of statements as to his qualifications, experience and background being included under his name in Section 3 in the form and context in which they are included in this OIS.

Mr Robert Wright B Bus, CPA has given and not withdrawn his written consent to be named in this OIS as Chief Financial Officer in the form and context in which he is so named and to the inclusion of statements as to his qualifications, experience and background being included under his name in Section 3 in the form and context in which they are included in this OIS.

3.4 Interests of Directors, Advisers and Named Persons

Except as otherwise set out in this OIS, no Director, expert or professional adviser named in this OIS has now, nor during the last two (2) years has had, any interest in the promotion of the Company or any interest in any property proposed to be acquired by the Company in connection with its formation or its promotion or the Offer. Further, no sums have been paid or agreed to be paid to a Director, expert or professional adviser in cash or shares or otherwise by any person (in the case of a Director) either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company or the Offer or (in the case of an expert or professional adviser) for services rendered by the expert or professional adviser in connection with the promotion or formation of the Company or the Offer, save as set out in this OIS.

At the date of this OIS no such payments have been made save as set out in this OIS and, also save as set out in this OIS, all such payments made in that two (2) year period have been paid or are payable in cash.

3.5 Directors' and Officers' Other Interests

In addition to the above, the Directors and the Company Secretary hold shares as set out in clause 3.6 below; and are entitled to be remunerated as set out in clause 3.7 below.

3.6 Directors' and Officers' Shareholdings

The names of each of the Directors and Officers of the Company and the number, description and amount of securities in the capital of the Company presently held by each of them or on their behalf or in which they have or will have a relevant or beneficial interest are set out in the following table.

DIRECTOR/ OFFICER	SHARES Number	OPTIONS		
		Number	Exercise Date	Exercise Price
J M D Willis	2,312,500	200,000	31/12/2009	$0.30
E G Albers	80,119,984	200,000	31/12/2009	$0.30
G A Menzies	Nil	200,000	31/12/2009	$0.30
J G Tuohy	Nil	300,000	31/12/2009	$0.40

3.7 Directors' and Officers' Fees, Remuneration and other entitlements

In addition to interests in securities, details of the nature and amount of each element of the emolument and/or fees paid or payable for other services to each of the current Directors and the Company Secretary for the period from 1 July 2009 to 30 October 2009 are set out in the following table.

DIRECTOR/ OFFICER	DIRECTORS FEES $	SALARY/ CONSULTANTS FEES $	SUPERANNUATION $	OTHER $	TOTAL $
J M D Willis	Nil	Nil	Nil	Nil	Nil
E G Albers	Nil	Nil	Nil	Nil	Nil
G A Menzies	Nil	Nil	Nil	Nil	Nil

J G Tuohy	N/A	10,483 (i)	Nil	Nil	10,483
TOTAL	Nil	10,483	Nil	Nil	10,483

(i) Fees as Company Secretary of $4,033 and for general consulting $6,450.

3.8 Other Related Party Transactions

Within the knowledge of the Directors, save as set out in this OIS or as previously disclosed in the published financial statements of the Company from time to time (including the financial statements in Section 10), the Company has not entered into any related party transactions which have not previously been disclosed to Members. Related party transactions for the period from 1 July 2009 calculated up to 31 October 2009 are disclosed in the following table.

Company	Service Provided	4 months to 31 October 2009 $
Capricorn	Management of exploration tenements	1,742
Capricorn	Corporate management and administration	11,666
Setright	Accounting, project management and company secretarial services	13,980
Setright	Accounting, project management of joint ventures	5,525
Upstream	Management and consulting services to the company	12,400
Upstream	Management and consulting to joint ventures	8,807
NGA	Provision of office services to joint venture in WA	8,183

“Capricorn” means Capricorn Mining Pty Ltd, a director-related entity of EG Albers.

“Setright” means Setright Oil & Gas Pty Ltd, a director-related entity of EG Albers and PJ Albers.

“Upstream” means Upstream Consultants Pty Ltd, a director-related entity of JMD Willis

“NGA” means National Gas Australia Pty Ltd, a director-related entity of EG Albers and PJ Albers.

SECTION 8
DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors of the Company report that for the purposes of section 731 of the Act, they state that they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this OIS are true and not misleading or deceptive and that, with respect to any other statements made in this OIS by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by section 716(2) of the Act and those persons have not withdrawn that consent before lodgement of this OIS with ASIC. Each Director of the Company consents to the lodgement of this OIS with ASIC and has not withdrawn that consent prior to this OIS being lodged.

This OIS is prepared on the basis that:

- certain matters may be reasonably expected to be known to professional advisers of the kind with whom Applicants may reasonably be expected to consult; and
- information is known to Applicants or their professional advisers by virtue of any Acts or laws of any State or Territory of Australia or the Commonwealth of Australia.

This Offer Information Statement is dated the 9th day of November 2009.

Signed on behalf of Exoil Ltd

J.M.D. Willis
Chairman

DEFINITIONS

Unless otherwise stated or unless inconsistent or repugnant with the context in which the term or expression is used, each of the following terms and expressions used in this OIS has the meaning set out below:

$** or **A$:	means references to dollar amounts in Australian currency.
US$:	means references to dollar amounts in United States of America currency.
Accompanying Options	means the grant of Options to Members or other Applicants for Shares on the basis that, for every five (5) Shares allotted, the Member or Applicant will be granted, free of cost, four (4) Options and on the basis that fractional entitlements to Options shall be rounded to the nearest whole Option.
Act:	means the *Corporations Act 2001* as in force in Australia.
Allotment Date:	means on or before 15th December 2009, subject to members approving a sale of interests in WA-342-P as set out in clause 1.5 in Section7.
Annual Report	means the Annual Report of Exoil for the financial period ended 30 June 2009.
Applicants:	means those individuals or entities, including Members at the date of this OIS lodging an Application for Shares (and Accompanying Options) under this Offer.
Application:	means a completed Application Form or Entitlement and Acceptance Form.
Application Form:	means the form to be completed by Applicants who are not Members for the number of Shares (and Accompanying Options) being applied for.
Application Money:	means the amount payable for Shares (and Accompanying Options) applied for under an Entitlement and Acceptance Form or Application Form.
ASIC:	means the Australian Securities and Investments Commission.
Associates:	has the meaning given to that term in the Act.
Braveheart Resources:	means Braveheart Resources Pty Ltd (ACN 127 793 248), being a wholly-owned subsidiary of Exoil.
Board or **Directors**:	means the board of directors of Exoil acting in that capacity.
Business Day:	means those days which are Business Days under the Listing Rules.
Closing Date:	means 5:00pm AEDT on 8 December 2009, subject to the Directors absolute right to extend that date.
Company or **Exoil**:	means Exoil Limited (ABN 40 005 572 798).
Cornea Resources:	means Cornea Resources Pty Ltd (ACN 138 323 163), being a wholly-owned subsidiary of Exoil.
Designated Authority:	means the body appointed pursuant to the Petroleum Act responsible for the physical area that each respective Permit lies within.
Director:	means a director of the Company acting in that capacity.
Entitlement and Acceptance Form:	means the form to be completed by Applicants who are Members for the number of Shares being applied for.
Entitlements Offer	means the pro rata entitlements offer being made to Members under this OIS.
GMH:	means Great Missenden Holdings Pty Ltd (ABN 29 004 765 557).
Group:	means Exoil and its wholly-owned subsidiaries from time to time and when referring to any other corporate entity means that entity and its controlled or subsidiary entities.
Hawkestone:	means Hawkestone Oil Pty Ltd (ACN 052 812 236), a wholly-owned subsidiary of Exoil.
Issue:	means the issue of Shares and Options pursuant to the Offer.
Issue Price:	means $0.10 (10 cents) per Share.
Listing Rules:	means the Listing Rules of any prescribed exchange and as applicable means the Listing Rules of NSX as referred to in each context.
Members:	means persons registered as the holders of Shares at the date of this OIS.
Native Title:	means the operation of the *Native Title Act 1993 (Cwlth)* under the auspices of the National Native Title Tribunal.
NSX:	means National Stock Exchange of Australia Limited.
Offer:	means the offer for subscription of 50,775,263 Shares (and Accompanying Options) pursuant to this OIS on the terms set out in this OIS.
OIS:	means “Offer Information Statement” and in relation to this Offer means this Offer Information Statement as modified or varied by any supplementary Offer Information Statement given by the Company from time to time.
Officer:	means an officer of the Company (within the meaning of the Act) acting in that capacity.
Official List:	in relation to NSX means the list of companies maintained by NSX in accordance with its Listing Rules.
Official Quotation:	means quotation by NSX on the Official List.
Options:	means the options offered for subscription pursuant to this OIS expiring at 5.00pm (AEST) on 30 June 2012 which are exercisable at $0.12 (12 Cents) pursuant to their conditions of exercise as set out in this OIS.
Opening Date:	means 9:00am AEDT on 13 November 2009.
Optionholder:	means any holder of Options.
Petroleum Act:	means the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (formerly the *Petroleum (Submerged Lands) Act*) and all subordinate legislation made thereunder.
Q1, Q2, Q3, Q4:	means the first, second, third and fourth calendar quarters of the year respectively

Shares:	means the ordinary shares of the Company to be issued pursuant to the Offer.
shares:	means the ordinary shares of the Company at the Record Date.
Shortfall:	means those securities not subscribed for by Members under the Entitlements Offer. Securities applied for under the Entitlements Offer include those Shares (and Accompanying Options) applied for by Members exercising their right to apply for additional securities as set out in the Entitlement and Acceptance Form.
Shortfall Offer:	means the offer for subscription of the Shortfall as made by this OIS.
Stock Exchange:	means any stock exchange on which the securities of the Company may be quoted from time to time.
stock market:	means a stock market conducted by any Stock Exchange.
Underwriter:	means GMH, in its capacity as the underwriter of the Issue up to the Underwritten Amount as set out in this OIS.
Underwriting Agreement:	means the underwriting agreement signed between the Company and GMH as described in this OIS.
Underwritten Amount	means an amount of $3,067,526

GLOSSARY OF TECHNICAL & INDUSTRY TERMS AND ABBREVIATIONS

2D seismic	seismic data collected on a two-dimensional basis.
3D seismic	seismic data collected on a three-dimensional basis.
API	American Petroleum Institute measurement of the specific gravity of crude oil.
AVO	'amplitude versus offset' that describes a return from seismic data and can be an indicator of hydrocarbons.
basin:	a depression of large size in which sediments have accumulated.
condensate:	hydrocarbons that spontaneously separate out from natural gas at the wellhead and condense to a liquid.
exploration well:	a well drilled to determine if hydrocarbons are present in a particular structure.
graticular block:	means a graticular block as defined in the Petroleum Act
hydrocarbons:	naturally occurring organic compounds containing only the elements hydrogen and carbon existing as solids, liquids or gases.
JOA or **Joint Operating Agreement**	means a formal agreement which governs the activities of the holders of a permit acting in Joint Venture in relation to that permit
km	kilometre(s).
km^2	square kilometre.
lead:	inferred geologic feature or structural pattern requiring further investigation.
m	metre.
M	million.
MDT tool	A modular formation pressure tester tool.
mSS LAT	metres subsea at lowest astronomical tide.
Operator:	the party in the Joint Venture changed with carrying out the exploration activities within that permit
petroleum:	a generic name for hydrocarbons, including crude oil, condensate, natural gas and their products.
prospect:	a feature thought to be sufficiently defined to warrant the drilling of a well without the necessity of further investigation.
pa	per annum.
permit:	is a permit issued by a Designated Authority in which the Group has an interest and within which either the Group solely or the relevant Joint Venture carries out exploration activity.
reservoir:	pervious and porous rocks (usually sandstone, limestone or dolomite) capable of containing significant quantities of hydrocarbons.
sediment:	solid material, whether mineral or organic, that has been moved from its position of origin and redeposited.
seal:	an impermeable rock (usually claystone or shale) that prevents the passage or further migration of hydrocarbons.
seismic survey:	a technique for determining the detailed structure of the rocks underlying a particular area by passing acoustic shock waves into the strata and detecting and measuring the reflected signals.
source rocks:	rocks (usually shales, claystone or coal) that have generated or are in the process of generating significant quantities of hydrocarbons.
spudding:	commencing the drilling of a well.
structure:	deformed sedimentary rocks where the configuration is such as to form a trap for migrating hydrocarbons.
ST	side-track well.
TCF (or Tcf)	trillion cubic feet (of gas).
TD	target depth – the planned final depth a well is to be drilled to.
tenement:	is any form of permit or licence that can be issued by a Designated Authority with a view to the holder(s) of that tenement carrying out exploration activity.
trap:	a body of reservoir rock , vertically or laterally sealed, the attitude of which allows it to retain hydrocarbons that have migrated into it.

EXOIL LIMITED

ABN 40 005 572 798

AUDITED FINANCIAL STATEMENTS OF EXOIL LIMITED AND GROUP FOR THE YEAR ENDED 30 JUNE 2009 AS PUBLISHED IN THE 2009 ANNUAL REPORT

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:

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.

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').

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.

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.

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.

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.

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.

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

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

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

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

NOTE 5 INCOME TAX

Components of income tax benefit

	NOTE	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.					
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.

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

NOTE 6 TRADE AND OTHER RECEIVABLES

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

	NOTE	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

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

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

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	-
		=======	=======	=======	=======

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

			Consolidated		The Company	
	2009	2008	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.

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.

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).

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.

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

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.

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).

	NOTE	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
NOTE 18 FINANCIAL INSTRUMENTS					
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.

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.

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.

	Consolidated 2009 $	Consolidated 2008 $
NOTE 23 LOSS PER SHARE		
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.

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

PKF

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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PKF

Chartered Accountants
& Business Advisers

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