



## Exoil Limited

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## PROPOSED FARM OUT OF WA-359-P

### AND

## SCHEME OF RE-ORGANISATION

### Proposed Farmin to WA-359-P by Moby

Exoil Limited (**NSX code: EXX**) (**Exoil** or **Company**) advises that it is intending to enter into a conditional farmin agreement with Moby Oil & Gas Limited (**ASX code: MOG**) (**Moby**) in relation to the Company's interest in WA-359-P. The proposal is for Moby to earn a 95% interest in Exoil's 30% residual interest in the permit by meeting 100% of Exoil's costs through to the end of its current term and any renewed term of the permit.

### The Current Farmin to WA-359-P by Apache

On 21 October 2010, the Company announced that Apache Northwest Pty Limited (**Apache**), a subsidiary of Apache Corporation, had entered into a farmout with respect to Exoil's then 50% participating interest in WA-359-P. That farmout agreement also involved a farmout by Cue Exploration Pty Ltd (a wholly owned subsidiary of Cue Energy Resources Limited (**ASX code: CUE**) (**Cue**)) of its 50% participating interest in WA-359-P on the same terms.

As a result of the farmout to Apache, Exoil's participating interest in WA-359-P reduced to the current 30%; with Apache agreeing to acquire, process, map and interpret a 3D seismic survey within the area of WA-359-P in order to earn a 20% participating interest from each of Exoil and Cue.

At the same time, Apache entered into like farmout arrangements with Moby and Cue in relation to their then 50% participating interests in the adjoining WA-409-P permit - *see the permit location map on the following page*. Exoil has no participating interest in WA-409-P.

Apache is currently acquiring the 3,783 km<sup>2</sup> Zeebries 3D seismic survey over the entire 1,212 km<sup>2</sup> of WA-359-P, as well as within other adjacent permits - *see the outline map of the Zeebries survey on the following page*.

Apache has a right to acquire an additional 15% participating interest in both of WA-359-P and WA-409-P if one well is drilled, at Apache's cost, in **either** of those permits. Should Apache drill the well in WA-359-P, Exoil would be free carried through the costs of the well and retain a 15% participating interest in the WA-359-P permit. Exoil can also elect to fund 5% of the costs of a well drilled in WA-359-P and, by doing so, maintain a 20% participating interest in the permit.

If the well were to be drilled in WA-409-P, then Exoil's interest in WA-359-P would still reduce to 15%, even though no well is drilled in that permit.

The proposed farmout to Moby, whereby Moby would take a transfer of 95% of Exoil's current 30% participating interest in WA-359-P (being 28.5%), would be made subject to the terms of the Apache farmin and will be conditional on Moby obtaining the approval of its members and conditional on approval of schemes between Exoil and its shareholders and optionholders (see details below).

**LEGEND**

- Oil Field (Green)
- Gas Condensate Field (Red)
- Permit (Pink)

0 25Km

**Zeebries 3D Seismic Survey Area**  
3,783 km<sup>2</sup>

The map displays the Zeebries 3D Seismic Survey Area in Western Australia, covering a 3,783 km<sup>2</sup> region. The area is characterized by numerous oil and gas fields, including Perseus, Goodwyn, Keast/Dockerell, Echo/Yodel, Sculptor, Gaea, North Rankin, Montague, Eaglehawk, Exeter, Hermes, Lambert, Angel, Talisman, Cossack, Wanaea, Legendre, and others. The map also shows various permits (WA-359-P, WA-415-P, WA-191-P R3, etc.) and well locations (Andromeda-1, Glutton-1, Brigadier-1, Banambu-1, Gandara-1, etc.). A scale bar indicates 0 to 25 km, and a north arrow is present. An inset map shows the location of the survey area within Australia.

## The Zeebries 3D Seismic Survey of 3,783 km<sup>2</sup>

### **Proposed Issue by Moby to Participating Exoil Shareholders and Optionholders**

At the same time, a proposal is to be put to the Exoil shareholders and optionholders that they consider two schemes of arrangement (**Schemes**). Under the Schemes, it is proposed that the participating Exoil shareholders (being all Exoil shareholders other than Mr EG Albers and interests associated with him) and all the Exoil optionholders approve the cancellation of their Exoil shares and options and, in return, receive shares and options issued by Moby. The Schemes will be subject to receiving the necessary regulatory and Court approvals and be conditional on Moby entering into the farmin agreement in relation to the WA-359-P permit, as described above, and that all approvals for such farmin are obtained.

The first Scheme will be between Exoil and its shareholders under which each shareholder (**the Non-Associated Shareholders**), other than Mr EG Albers and interests associated with him, will have their Exoil shares cancelled and receive 1.35 new Moby shares for every Exoil share held. The effect of this Scheme will be that, on implementation, Exoil will be wholly owned by Mr Albers and his interests; while the Non-Associated Shareholders will cease to be Exoil shareholders, but will become Moby shareholders.

Under the second Scheme, all Exoil optionholders will have their options cancelled and receive 1.35 new Moby options for every Exoil option cancelled. The options are proposed to be exercisable on or before 30 June 2013 at an exercise price of \$0.12 (12 cents) each.

Should these Schemes be approved, Exoil will be delisted from NSX. Complete details of the Schemes will be contained in a scheme booklet that will be distributed to the Exoil shareholders and optionholders.

### **Commercial Considerations**

From the point of view of the participating Exoil shareholders and Exoil optionholders, the proposals are attractive because they enable those persons to effectively exchange their Exoil shares and options for new Moby shares and new Moby options and enable them to participate, along with all other then Moby securityholders, in any well Apache may elect to drill in **either** permit.

The further benefit that the participating Exoil shareholders and Exoil optionholders receive is they will have exchanged shares and options in Exoil, which are illiquid, for Moby shares and options which are readily tradeable; thus enabling them to realise the value presently locked up in their existing Exoil investment.

From Moby's perspective, the proposals will provide it with an interest in WA-359-P so that, if Apache does elect to drill a well in either of WA-359-P or WA-409-P, Moby and all of its then securityholders, including the participating Exoil shareholders and Exoil optionholders, will benefit.

Likewise, from participating Exoil shareholders' and Exoil optionholders' point of view, the transactions are attractive because they provide absolute certainty that they will participate in a well drilled by Apache in either of WA-359-P and WA-409-P, should Apache make such an election.

An election by Apache to drill a well in either permit is unknown and will depend on the attractiveness to Apache of any features resulting from the Zeebries 3D seismic survey.

The Company will make further announcements as and when these proposals progress through each relevant stage.

### **By Order of the Board**



**J.G. Tuohy**  
Company Secretary

7 March 2011