

**Exoil Limited**

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SCHEMES OF ARRANGEMENT DOCUMENTS

SCHEME BOOKLET, NOTICES OF MEETINGS AND PROXY FORMS

Exoil Limited (**NSX Code: EXX**) (**Company**) advises that the following documents have today been mailed to the Company's Shareholders and Optionholders in order for them to consider the proposed schemes of arrangement (**Schemes**).

1. Scheme Booklet containing the proposed Schemes and incorporating the Notices of Meeting for each of the Share Scheme Meeting and the Option Scheme Meeting;
2. Proxy Form for the Share Scheme Meeting;
3. Proxy Form for the Option Scheme Meeting;
4. Notice of General Meeting;
5. Proxy Form for the General Meeting
6. Notice of Class Meeting; and
7. Proxy Form for the Class Meeting.

On behalf of the Board
EXOIL LIMITED

J.G. TUOHY
Company Secretary

4 April 2011

IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SECTION 411(1) OF CORPORATIONS ACT 2001

The fact that under section 411 (1) of the Corporations Act 2001 the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the notices of the meeting does not mean that the Court:

- (a) has formed any view as to the merits of the proposed scheme or as to how members/creditors should vote (on this matter members/creditors must reach their own decision); or
- (b) has prepared, or is responsible for, the content of the explanatory statement.

PROPOSED SCHEMES OF ARRANGEMENT

BETWEEN

**EXOIL LIMITED
ABN 40 005 572 798**

AND ITS

MEMBERS AND OPTIONHOLDERS

DMR CORPORATE, THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE SCHEMES ARE FAIR AND REASONABLE AND ARE IN THE BEST INTERESTS OF THE NON-ASSOCIATED SHAREHOLDERS AND THE OPTIONHOLDERS

NONE OF THE DIRECTORS MAKE ANY RECOMMENDATION IN RELATION TO THE SCHEME AS THEY ARE NOT CONSIDERED TO BE INDEPENDENT

This document is important. If you do not understand it or are in any doubt as to how to deal with it, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

Members should complete proxy forms as instructed and return them to the Company's Share Registry in the enclosed reply paid envelopes without delay.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

E.G. Albers
J.M.D. Willis
G.A Menzies

COMPANY SECRETARY

J.G. Tuohy

REGISTERED OFFICE

Level 21
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Melbourne, Victoria 3000

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INCORPORATION

Incorporated in Victoria on 5 July 1979

Letter from the Chairman

EXOIL LIMITED

ABN 40 005 572 798

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Dear Members and Optionholders,

PROPOSED SCHEMES OF ARRANGEMENT

I am writing this letter to you as Chairman of Exoil to inform you of proposals which are to be put to you for your consideration at separate meetings of the Members and Optionholders of Exoil which have been convened by the Directors of Exoil following application to the Supreme Court of Victoria for Orders convening those meetings ("Court Ordered Meetings").

DMR Corporate, as the independent expert commissioned to consider the Schemes, has concluded that the Schemes are each fair and reasonable and are in the best interests of the Non-Associated Shareholders (who are all of the members of Exoil other than Mr Albers and his Associates) and the Optionholders.

Because of the involvement of each of the Directors of the Company in the affairs of Moby and/or the affairs of Mr Albers and his Associates, as noted below, none of the Directors of Exoil can be regarded as independent and, as a consequence, none of the Directors are therefore able to make recommendations to you as to how you should, or should not, vote at each of the Court Ordered Meetings.

Mr Albers makes no recommendation to you in relation to the either of the Schemes as Mr Albers and his Associates will, on completion of the Schemes, be the sole shareholders in Exoil which will continue to carry on its existing business. Additionally, Mr Albers abstains from making any recommendation because he is a director of both Exoil and Moby and he, and his interests, effectively control each of Exoil and Moby. Details of Mr Albers interests in each company are set out in in clause 39 below.

Mr Menzies makes no recommendation to you in relation to the either of the Schemes as Mr Menzies is both a director of both Moby and Exoil. Additionally Mr Menzies is a Director of Gascorp, an Associate of Mr Albers, although he has no shareholding in Gascorp. Mr Menzies is an Optionholder and will receive New Moby Options under the Option Scheme. Mr Menzies wife, Ms Shayne Menzies, also holds 27,500 Shares and will participate in the Share Scheme in relation to those Shares.

I make no recommendation to you because, although I am not a director of Moby, I hold shares and options in Moby, interests associated with me provide consulting advice to Moby, I am a director of Gascorp (although like Mr Menzies I have no shareholding in Gascorp) and I am also a shareholder in Auralandia N.L., an Associate of Mr Albers.

Consequently, in reaching your conclusions in relation to the Schemes, you should each note the matters set out in this Scheme Booklet carefully and you should have regard to DMR Corporate's conclusions.

None of Mr Albers and his Associates, Mr Willis or his Associates or Mr Menzies or his Associates will vote at either of the Court Ordered Meetings.

Proposed Transactions

The transactions proposed to be entered into and outlined in this Scheme Booklet involve:

- the Non-Associated Shareholders becoming members of Moby under the Share Scheme. Non-Associated Shareholder will be issued 1.35 New Moby Shares in exchange for each Share held in Exoil.

- Optionholders will be issued 1.35 New Moby Options in exchange for each Option held in Exoil.
- the only remaining Members of Exoil becoming Mr Albers and his Associates who presently hold in excess of 69% of the issued capital of Exoil.
- a farmin by Moby to Exoil's interest in WA-359-P. It is proposed that Moby farmin to Exoil's 30% residual interests in WA-359-P (after the Apache Farmin) to earn 95% of those residual interests. Details of the Moby Farmin are set out in clause 40.6 in Section 4 below.

After implementation of the Schemes, Exoil will be delisted from NSX and become a proprietary company. At that time, Exoil will only have a minor residual interest in WA-359-P. Exoil will continue to hold all of its other assets and remain subject to all of its existing liabilities and will continue to carry on the same business in the same manner as it presently carries on business. Control of Exoil will remain with Mr Albers and his Associates. Mr Albers and his Associates propose that, after implementation of the Schemes, they will, as necessary, fund Exoil from their own resources so that it is in a financial position to be able to meet its obligations.

You should read the following summary and overview for more detailed information in relation to these matters and, with an understanding of the general nature of the proposals, read the full Scheme Booklet.

Clause 6 and 7 set out the perceived advantages and disadvantages of the Schemes and the associated Moby Farmin and you should consider those matters carefully. The following briefly summarises those advantages and disadvantages:

Advantages:

- The major advantage of the Schemes is that you are receiving full value for your Shares and Options because the Schemes are both fair and reasonable and in your best interests;
- Exoil is underfunded and has minimal prospects of raising equity funds to meet its committed permit work commitments or to meet current debts of over \$1,800,000 and any failure to meet those obligations will impact adversely on the value of your Shares and Options. Those funds can likely only be raised by selling assets;
- Failure to meet minimum work commitments could involve breach of relevant JVAs and sale or forfeiture of interests in those permits with a consequent diminution in the value of your Shares and Options
- Exoil's Permits are generally at an early stage of exploration and require completion of additional work to generate leads and prospects to make them attractive, if possible.
- The ASX provides much greater depth for you to trade your New Moby Shares and New Moby Options than NSX, the market on which they are presently quoted, which is highly illiquid.
- The value in your Shares and Options should not be adversely affected because the value of your respective interests after the implementation of the Schemes exceeds the value of those interests before the Scheme.
- from your point of view the Schemes address the question of the ability of Exoil to fund its current liabilities and the substantial future costs of exploration of its Permits by leaving those obligations with Mr Albers and his Associates.
- Under the Moby Farmin, Moby will hold interests in both WA-359-P and WA-409-P with the effect that the benefit of any upside from the Apache Agreements will vest in Moby. As a Moby Shareholder or Optionholder you will potentially benefit from this.
- Finally, there are no other alternatives to the Schemes available to you other than the present situation with Exoil continuing, which means you have no realistic market for your Shares or Options.

Disadvantages

- The main potential disadvantage for you is that your indirect interest in WA-359-P and any benefits from the Apache Agreement will reduce from a present indirect approximate 9.2% to a reduced indirect approximate 2.99% interest. If Apache drills a well in WA-359-P and that well is a commercial discovery, the prospective value to you of that discovery through your New Moby Shares and New Moby Options would be less than if you continued to hold your Shares and Options. At this stage no-one can tell whether Apache will drill a well in WA-359-P or WA-409-P or drill any well at all.
- you will no longer hold a direct interest in Exoil and its other assets although, because of a high level of commonality of interests with Moby, you will have indirect interest in some of the same permits through Moby
- because you will no longer have a direct interest in Exoil, you will not participate in the benefit of Exoil's existing tax losses if, for any reason, Exoil was to become sufficiently profitable to enable those tax losses to be recouped and the conditions for recoupment then existed.
- The Scheme Consideration consists of fixed numbers of New Moby Shares and New Moby Options and does not include a cash component. Therefore, its value depends on the value of Moby Shares. However the New Moby Shares and New Moby Options will be quoted on ASX and will thus be more readily convertible into cash by sale than your Shares or Options presently are.
- You will remain subject to the same risks as in Exoil because Moby is also an oil and gas exploration company.

I urge you to read this Scheme Booklet carefully, and in its entirety, including the sections on risks and the advantages and disadvantages of the Schemes and, if you do not understand this booklet or any part of it, you should consult an expert adviser familiar with your investment circumstances before making your decision as to how to vote.

If you have any questions about the terms of the proposed Schemes, please contact Mr J Tuohy, Exoil's Company Secretary by telephone on 03 8610 4712 (or +613 8610 4712 for international callers) or by email at admin@exoil.net. Alternatively, you should contact your stockbroker, legal or financial adviser.

Yours sincerely



J. M.D. Willis
Chairman
25th March 2011

SUMMARY AND OVERVIEW

Background

The proposals set out in this Scheme Booklet have been formulated having regard to the matters set out below and, generally, in this Scheme Booklet.

Exoil's financial position

All Members will have received Exoil's annual report for the year ended 30 June 2010 and will be aware of the financial position of Exoil and its prospects following the drilling of the Cornea #3 well and the unsuccessful drilling of the Braveheart #1 well in December 2009. That information, updated to 31 December 2010 is set out in clause 37 of this Scheme Booklet for your information.

As a result of the drilling the Braveheart #1 well and the Cornea #3 well, Exoil incurred significant liabilities. As at 30 June 2010 Exoil had current assets of \$816,629 and current (and total) liabilities of \$2,302,243.

As at 31 December 2010 Exoil had current assets of \$125,000 and current (and total) liabilities of \$1,844,000. The bulk of Exoil's liabilities relate to a shortfall in its funding of cash calls made in relation to the drilling of the Cornea #3 well and the Braveheart #1 well.

Without additional funding, whether from asset sales or otherwise, Exoil has limited capacity to fund its debts or additional exploration activity, including the work programs set out in the SRK Report attached to the DMR Corporate Report.

Any capital raising by Exoil would need to raise sufficient funds to meet those ongoing funding requirements and to satisfy Exoil's current liabilities given the terms of the Braveheart Omnibus Funding Agreement referred to in clause 40.7 in Section 4 below.

Minimal prospects for Exoil to raise capital

Exoil's capacity to raise funds is minimal without significant contribution from Mr Albers and his Associates.

Mr Albers his Associates presently hold 56,496,252 Shares which represents 69.28% of the issued capital of Exoil. Mr Willis holds 1,406,250 Shares which represents 1.72% of the issued capital of Exoil making the Director's holdings a total of 71% of the issued capital of Exoil. The NSX Listing Rules require that shareholders other than Directors and their Associates hold not less than 25% of the capital.

This requirement poses a fundamental difficulty should Mr Albers and his Associates underwrite any issue to raise sufficient funds to satisfy the above requirements.

To meet Exoil's existing liabilities and its immediate exploration expenditure requirements, any issue would require to raise a minimum of a \$2,500,000. At an issue price as high as \$0.04 (4 cents), a total of 62,500,000 new Shares would need to be issued. If no other shareholders subscribed for their entitlements, Mr Albers and his Associates and the Directors would, by subscribing for only a comparatively small portion of their entitlements, place Exoil in breach of the NSX Listing Rules. By way of example, if the directors subscribed for say \$600,000 or 15,000,000 shares at \$0.04 per Share and nobody else subscribed, the capital would increase to 96,550,523 Shares and the Directors would hold 72,902,502 shares which would be in excess of 75% of the then issued capital.

This would result in a breach of NSX Listing Rules 6.20 and 6.21, dealing with concentration of ownership, which breach would be ongoing.

For the NSX Listing Rules not to be breached, such an issue would need to be subscribed for by virtually all of the Non-Associated Shareholders. This is highly unlikely with the consequence for them of investing additional funds being to receive illiquid shares. Each Non-Associated Shareholder can form his or her view as to the probability of all Non-Associated Shareholders taking up their entitlements having regard to Exoil's financial position, its tenements and their general prospectivity and, importantly, the domination of the Share Register by Mr Albers and his Associates.

Consequences of any Capital raising

However, even if sufficient equity capital was able to be raised to achieve the above purpose, and disregarding any non-compliance with the NSX Listing Rules, Exoil would remain listed on NSX where, historically, there has been little market for the Shares or Options and the Non-Associated Shareholders and Optionholders would still remain in the same position as they are presently: that is without any realistic market for their Shares or Options.

An issue by Exoil does not resolve the structural problems Exoil faces and is not in the interests of any of the Members, including Mr Albers and his Associates, when compared with the present alternative being offered. This is the general consensus of the Board in discussion, although the matter has not been voted upon.

What the present proposals seek to achieve

The present proposals seek to resolve the issues posed for the Non-Associated Shareholders and Optionholders by all of the above matters because they will change their existing security interests in Exoil and become holders of New Moby Shares and New Moby Options.

The proposals substantially seek to lever off the potential benefits which might arise for the Non-Associated Shareholders and the Optionholders from the recently announced farmout by Exoil, Cue and Moby of interests in WA-359-P and WA-409-P to Apache, while avoiding, insofar as possible, the disadvantage that the Non-Associated Shareholders and the Optionholders might, if Apache elects to drill a well in WA-409-P and not WA-359-P, not benefit from that well, if it was a commercial discovery.

One effect of the Schemes, in conjunction with the Moby Farmin, if that is implemented, will be that if a well is drilled by Apache, the Non-Associated Shareholders and the Optionholders will, as holders of New Moby Shares and New Moby Options, participate in any benefits which might flow to Moby from the results of that well, whether it is drilled in WA-409-P or in WA-359-P.

The Apache Farmin

It is important for the Non-Associated Shareholders to fully understand the nature of each of the Moby Farmin and the Apache Farmin so that they may also fully understand the benefits of these proposals and any advantages and disadvantages attached thereto.

On 21 October 2010 Exoil announced that it had entered into the Apache Farmin. Apache is a major international oil and gas company operating world-wide. Apache is not an Associate of any of Mr Albers and his Associates.

As part of the same overall transaction, Apache also entered into the WA-409-P Apache Farmin. WA-409-P is a permit adjacent to WA-359-P in which Exoil has no Participating Interest.

Prior to the Apache Farmin WA-359-P was owned as to a 50% interest by Exoil and as to a 50% interest by Cue Exploration Pty Ltd ("Cue"). Cue is a wholly owned subsidiary of Cue Energy Resources Limited which is listed on ASX. Cue is not a related party of any of Exoil, Moby, Apache or of Mr Albers and his Associates.

The terms of the Apache Farmins to each of WA-359-P and WA-409-P affect Cue in the same way as they affect Exoil and Moby. The difference is that Cue has interests in both the permits.

On completion of the 3D seismic program as agreed to by Apache, Cue's interest in both permits will have reduced from its initial 50% interest to 30% and, if Apache drills a well in either permit, Cue's interest in both will reduce to 15% subject to its right to pay 5% of the well costs to maintain its interest in the permit in which the well is drilled at 20%. It is substantially immaterial to Cue whether Apache drills in one permit or the other.

Under the terms of those Apache Agreements, Apache has agreed to fund the acquisition, processing, mapping and interpretation 1,000 sq km of the Zeebries 3D seismic survey across both WA-409-P and WA-359-P. WA-359-P is 1212 km² and WA-409-P is 566 km² with the two permits having an aggregate area of 1778 km².

Apache is earning a 40% equity interest and operatorship in each of WA-409-P and WA-359-P by carrying out 1,000 km² of 3D seismic which is part of the larger Zeebries 3D seismic survey being carried out by it.

Apache has a further right to elect to earn additional interests in each of WA-409-P and WA-359-P by funding up to 100% of the costs of the first well to be drilled in either of the permits. By drilling any such well Apache would increase its interest in each of WA-359-P and WA-409-P from a 40% interest to a 70% interest in each permit.

Apache has no obligation to drill any well and, if it does elect to drill a well, it may drill in either, but not both, permits.

Effect of Apache Farmin to WA-359-P and WA-409-P before Moby Farmin

At present (before the Moby Farmin):

- If Apache drills a well in WA-359-P, Exoil would be free carried through the costs of the well and will retain a 15% carried interest in WA-359-P. As a consequence of Apache drilling that well Moby's interest in WA-409-P would also reduce to 15% but with no well drilled in WA-409-P.
- If Apache elects to drill a well in WA-409-P, Moby would be free carried through the costs of the well and will retain a 15% carried interest in WA-409-P. As a consequence of Apache drilling that well Exoil's interest in WA-359-P would also reduce to 15% but with no well drilled in WA-409-P.

Under the Apache Farmin the parties who are the holders of the permit in which any well is drilled have the right to maintain their interest at a 20% interest in that permit by funding 5% of the cost of the well.

Non-Associated Shareholders and the Optionholders should note that it is by no means certain that:

- Apache will elect to drill a well to earn an increased interest in either of WA-359-P or WA-409-P;
- if Apache elects to drill a well, Apache will drill the well in WA-359-P;
- if Apache drills a well in WA-359-P, the well will be a discovery well; or
- if the well is a discovery well, it will be brought into commercial production.

Accordingly, at present, each of Moby and Exoil face the prospect that any well will not be drilled in its permit and that its permit interest will reduce in percentage terms and in value as a result.

Effect of Apache Farmin to WA-359-P and WA-409-P after Moby Farmin

Under Moby Farmin, if implemented, Moby would earn 95% of Exoil's residual interest in WA-359-P and Exoil's interest in WA-359-P would reduce to 0.75% (5% of 15%) if Apache elects to drill a well.

Under the Moby Farmin, if Moby elected to fund 5% of any well drilled in WA-359-P and retain a 20% interest in WA-359-P then Exoil would be bound by that election. In that case Exoil's then residual 0.75% interest in WA-359-P would increase from 0.75% (5% of 15%) to 1% (5% of 20%).

By combination of the Schemes and the Moby Farmin it is intended that:

- All Moby shareholders and optionholders and all Exoil's Non-Associated Shareholders and all Exoil's Optionholders participate in the benefits of any well which may be drilled by Apache; and
- The underlying problem of all Exoil's Non-Associated Shareholders and all Exoil's Optionholders in not having marketability for their Shares and Options be resolved by those Shares and Options being exchanged for New Moby Shares and New Moby Options on the basis of each of them receiving 1.35 New Moby Shares for each Share and 1.35 New Moby Options for each Option. Moby Shares are significantly more liquid than Exoil Shares (which are illiquid) and it is reasonable to assume that the New Moby Options will be more liquid than the Exoil Options (which are illiquid and have never traded).

Non-Associated Shareholders and the Optionholders should note that the Schemes and the Moby Farmin are separate transactions but that each is interdependent. Unless all of them come into effect, none will come into effect.

From the point of view of the Non-Associated Shareholders and Optionholders, a benefit they will receive from the Moby Farmin is that, essentially, 95% of Exoil's interest in WA359-P (and the benefits that might result from the Apache Farmin) move to Moby at the same time as they acquire their New Moby Shares and New Moby Options so that they have continued exposure to that permit (albeit at a reduced level) in their new capacity as Moby Members and Moby Optionholders.

Further details of the Moby Farmin and the Apache Farmin are set out in clauses 33(d), 40.4 40.5 below which should be read carefully.

Independent Expert's conclusions

DMR Corporate, as the independent Expert engaged to report to the Members, including the Non-Associated Shareholders, and the Optionholders in relation to each of the Schemes and as associated proposals, has concluded that the proposals set out above, and more particularly in this Scheme Booklet, are fair and reasonable to both the Non-Associated Shareholders and the Optionholders.

DMR Corporate's conclusion has been arrived at after valuation of each of Moby and Exoil and a comparison of the value of the Shares and Options with the value of the New Moby Shares and New Moby Options to be provided as Scheme Consideration.

DMR Corporate concluded that the proposed transactions are fair because, in each case, the value of the Scheme Consideration being provided by Moby exceeds the value of the existing Shares or Options being cancelled in exchange for it.

Based on each Non-Associated Shareholder receiving 1.35 New Moby Shares for every Share held, the capital of Moby will increase from the 288,177,593 Moby Shares presently on issue to approximately 322,000,858 Moby Shares by the issue of approximately 33,823,265 New Moby Shares. On this basis the Non-Associated Shareholders will hold approximately 10.504% of that expanded capital as referred to by DMR Corporate.

At present the Non-Associated Shareholders hold 25,054,271 Shares in Exoil which represents the 30.722 percent of the current issued capital of Exoil referred to by DMR Corporate.

The indirect percentage interest that each of the Non-Associated Shareholders have in each of the Permits in which each of Moby and Exoil have interests as at the date of this Scheme Booklet by virtue of their shareholdings in Exoil and the indirect percentage interest that each of the Non-Associated Shareholders will have in each of those Permits after implementation of the Schemes are set out in the table below.

The table also shows the value of a 100% interest in each permit based on the values assessed by SRK in the SRK Report.

Permit No.	Exoil % Interest in Permit	Moby % Interest in Permit	Value of 100% Permit Interest \$	Non-Associated Shareholders indirect % Interest	
				before Schemes	after Schemes
WA-333-P	25.4375	26.4375	0	7.815	2.7770
WA-342-P	13.100	22.375	37,255,611	*4.0246	2.3507
WA-359-P (subsequent to initial dilution under Apache Farmin)	30.00	0	4,677,180	9.217	** 2.9936
WA-409-P (subsequent to initial dilution under WA-409-P Apache Farmin)	0	30.000	2,184,227	0	** 3.1512

WA-360-P	0	10.000	0	0	1.0504
Vic/P41	0	30.000	8,010,224	0	3.1512
Vic/P45	50.000	50.000	0	*15.361	5.2520
Vic/P47	0	35.000	2,997,040	0	3.6764
EPP 34	15.000	20.000	1,036,663	*4.6083	2.1008
EPP 35	30.000	20.000	122,614	9.2166	2.1008
T/37P & T/38P (Spikey Beach Blocks)	50.000	0	1,532,722	*15.361	0

Table 1: Non-Associated Shareholders indirect interests in Permits

* Subject to the operation of the Braveheart Omnibus Facility Agreement referred to in clause 40.7 below under which any or all of Exoil's interests in permits may be sold to reduce Exoil's existing debts.

** The difference between the indirect interests in each of WA-359-P and WA-409-P is reflective of Exoil retaining an interest in WA-359-P under the Moby Farmin Agreement.

Effects of the proposals

The effect of these proposals, if implemented, would be that:

- Each Non-Associated Shareholder will become a member of Moby by receiving New Moby Shares as Scheme Consideration. Those New Moby Shares will be listed for quotation on ASX and there should be a significantly more liquid market for those New Moby Shares than that which existed for the Non-Associated Shareholders' Shares.
- Each Optionholder will become an optionholder in Moby by receiving New Moby Options as Scheme Consideration. Those New Moby Options will be listed for quotation on ASX and there should be a significantly more liquid market for those New Moby Options than that which existed for the Options.
- Moby will, effectively, hold both WA-359-P and WA-409-P so that, if Apache does elect to drill a well in either permit, the Non-Associated Shareholders and the Optionholders will effectively participate in the drilling of the well through their holdings of New Moby Shares and New Moby Options. While Exoil will have a 0.75% - 1% Participating Interest in WA-359-P this interest is insignificant.
- The Non-Associated Shareholders will have exchanged their Shares for New Moby shares on terms which are fair and reasonable.
- The Optionholders will have exchanged their Options for New Moby Options on terms which are fair and reasonable with those New Moby Options giving them exposure to any upside in the underlying value of Moby and its assets which might occur before 30 June 2013.
- Non-Associated Shareholders will be exposed to a more diverse and prospective asset base than they have been exposed to in Exoil albeit their aggregate percent interests in those interests in which Exoil has an interest will have been significantly reduced.

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 its then securityholders, including the Non-Associated Shareholders and Optionholders, will benefit.

From Moby's point of view, the transaction is justified because it provides greater certainty to its shareholders that Moby will participate in any well drilled by Apache in either Permit. At present, with the areal extent of WA-359-P (1,212 sq km) being more than twice that of WA-409-P (556 sq km) and ignoring questions of prospectivity, the likelihood of a well being drilled in WA-359-P is probably higher than the probability of a well being drilled in WA-409-P.

Whether a well will be drilled in either Permit is unknown and will depend on the results of Apache's Zeebries 3D seismic survey.

It is not possible to properly assess the prospectivity of either permit and, consequently, it could be considered that there is a 50/50 probability of either permit being the most prospective and, consequently, having the well drilled in it: if any well is actually drilled.

In this sense, the proposals provide each of the Non-Associated Shareholders, the Optionholders and Moby and its existing members with benefits.

As a Non-Associated Shareholder or Optionholder you might consider that this is an opportune time for all of the Non-Associated Shareholders and Optionholders to realise their illiquid investments in Exoil on terms which are considered fair and reasonable by DMR Corporate. as an independent expert.

In the absence of the current proposals being implemented, there is minimal, if any, prospect of the Non-Associated Shareholders and Optionholders being able to dispose of their Shares or Options unless Apache elected to drill in WA-359-P and made a commercial discovery.

Given the vagaries attaching to exploration for oil and gas, Non-Associated Shareholders and Optionholders might consider that prospect to be risky and may prefer to reduce risk by approving the proposals being put to them.

Non-Associated Shareholders and Optionholders will be fully aware that trading in Exoil's securities on NSX is virtually non-existent and that there is no ready market for their Shares or Options. The DMR Corporate Report records that only 100,000 Shares have traded on NSX since Exoil listed on NSX. Those Shares traded in two parcels of 50,000 Shares, each on 25 January 2010, and each at a sale price of \$0.03 (3 cents) per Share.

The Options are quoted on NSX but have never been traded on NSX.

Each Non-Associated Shareholder and Optionholder should carefully read the DMR Corporate Report which concludes that they are receiving full value for their Shares and Options as DMR corporate concludes that the value of the Scheme Consideration they each receive under the Schemes exceeds the value attributed by DMR Corporate to their Shares and Options.

This Scheme Booklet provides you with a wide range of details, relevant information and considerations to be taken into account in making your decision. You should take the time to read all of this material.

The SRK Report contains extensive information on both Exoil's exploration assets and Moby's exploration assets and contains independent valuations of those assets. The SRK Report forms an annexure to the DMR Corporate Report.

As the proposals are proposed to be effected by schemes of arrangement, the Schemes must be approved by Members and subsequently by the Supreme Court of Victoria.

In considering how to vote you should refer to the summary of advantages and disadvantages of the Scheme as in the Chairman's covering letter and also in clauses 6 and 7 of this Scheme Booklet.

You should also, as necessary, take independent professional advice on the matters being put to you. You might consider the need to obtain independent advice is greater in this matter than in most because none of the Directors are independent and are thus not able to make recommendations to you as to how you should vote.

Consequently the only opinion expressed in relation to either Scheme is that of DMR Corporate, who has concluded that each of the Schemes is in the best interests of the Non-Associated Shareholders or the Optionholders, as applicable, in the absence of any superior offers being received.

Mr Albers and his Associates do not propose to put forward any superior offer and, in the absence of support by Mr Albers, no other offer is likely or could, if made, succeed.

Voting at the Scheme Meetings

As none of Mr Albers nor any his Associates will participate in the Share Scheme or receive New Moby Shares under the Share Scheme, each of them will abstain from voting at the Share Scheme Meeting so

that whether the Schemes are, or are not, implemented will depend on the attitudes of the Non-Associated Shareholders.

Notwithstanding that all Optionholders will participate on equal terms in the Option Scheme, none of Mr Albers and his Associates who hold Options will vote at the Option Scheme Meeting.

All Members and Optionholders should note that the Schemes are interdependent, and neither Scheme will come into effect unless the other Scheme also comes into effect. Consequently:

- if the Non-Associated Shareholders fail to approve the Share Scheme coming into effect, neither Scheme will come into effect.
- if the Optionholders fail to approve the Option Scheme coming into effect, neither Scheme will come into effect.

Other Meetings

For the Schemes to come into effect a series of other meetings need to be held.

Exoil General Meeting and Exoil Class Meeting

The primary purpose of these meetings is to pass the Capital Reduction Resolutions without which the Schemes cannot come into effect.

The Non-Associated Shareholders will be the only persons entitled to vote at the Exoil Class Meeting.

The only persons who are entitled to vote at the Exoil General Meeting on the Capital Reduction Resolution being resolution 1 on that notice of meeting are Mr Albers and his Associates.

Moby General Meeting

Moby must convene and hold a meeting of its members to approve the Moby Farmin to WA-359-P on the bases set out in this Scheme Booklet and to approve the issue of the New Moby Shares and the New Moby Options as the Scheme Consideration under the Schemes and the grant to each of Mr Menzies and Mr Albers and his Associates of the New Moby Options to which they will be entitled as Scheme Consideration under the Options Scheme.

All of the resolutions to be put to that meeting ('the Moby General Meeting') dealing with those matters must be passed or the Schemes will not be able to be implemented.

Order of the Supreme Court of Victoria

In accordance with an Order of the Supreme Court of Victoria, the Scheme Meetings have been convened to be held on the 5nd day of May 2011 for the purpose of considering and if thought fit, approving, each of the Schemes.

EXPLANATORY STATEMENT
(Pursuant to Section 412 of the Corporations Act 2001)
SUMMARY IMPORTANT MATTERS

What you receive under the Share Scheme

Unless you are a Foreign Shareholder you will receive 1.35 New Moby Shares for every Share you hold on the Record Date.

What you receive under the Option Scheme

Unless you are a Foreign Optionholder, you will receive 1.35 New Moby Options to subscribe for a Moby Share exercisable at \$0.12 (12 cents) up to 5.00pm AEST on 30 June 2013 for every Option you hold on the Record Date. The terms of the New Moby Options are set out in clause 28.8 below.

What you receive under the Schemes if you are a Foreign Securityholder

If you are a Foreign Securityholder the New Moby Shares and the New Moby Options to which you would otherwise be entitled will be issued to a nominee and will receive the net proceeds of sale thereof.

What Mr Albers and his Associates receive under the Schemes

The benefits of the Schemes to Mr Albers and his Associates are discussed in clauses 4(b) and 1.11 below to which you are referred. Briefly, Mr Albers and his Associates will become the sole shareholders in Exoil.

Those of Mr Albers and his Associates who are also Optionholders will receive New Moby Options under the Option Scheme on the same basis as all other Optionholders.

Non-Associated Shareholders are referred to clause 4(b) and to clause 1.11 below and to clause 14.1 and Appendix A to the DMR Corporate Report for further details of the consequences of the Scheme for Mr Albers and his Associates.

What Moby receives under the Schemes and associated proposals

Under the Moby Farmin Agreement, Moby will farm into WA-359-P and earn an aggregate 14.25% Participating Interest in WA-359-P leaving Exoil with a 0.75% Participating Interest which will be held in trust for it by Moby. The Moby Farmin Agreement is set out in clause 40.6 in Section 4 below.

The Moby Farmin is conditional upon the Schemes coming into effect and each of the Schemes is conditional upon the Moby Farmin coming into effect.

The rationale for the Schemes from Moby's point of view is that they provide a mechanism for the Moby Shareholders and Moby Optionholders to participate in the upside from the bulk of the residual 30% Participating Interest in WA-359-P. The interest retained by Exoil is a working interest and is liable to bear its full share of operating expenses.

What Exoil receives under the Schemes and associated proposals

Exoil receives nothing under the Schemes. Under the Moby farmin, Exoil will retain a small interest of between 0.75% and 1.5% in WA-359-P with all of its expenditure commitments in relation thereto being met by Moby and it will retain all of its other assets and continue to carry on its present business after the implementation of the Schemes in the same manner as it presently carries on that business.

The Non-Associated Shareholders will cease to hold Shares and the Optionholders will cease to hold Options with Mr Albers and his Associates owning all of the remaining shares in Exoil.

Independent Expert concludes the Scheme terms are fair and reasonable

DMR, as the independent expert appointed to report to the Members on the terms of the Schemes has concluded that the terms of each of the Schemes are fair and reasonable and has concluded that the Schemes are in your best interests in the absence of a superior offer you vote in favour of each the Schemes in the absence of a superior proposal being put to you. See clause 3 and see the DMR Corporate Report in Section 8.

Advantages of the Schemes and disadvantages of the Schemes

The advantages and disadvantages of each of the Schemes are set out in clauses 5 to 7 below (both inclusive).

DMR considers various matters in section 13 of the DMR Corporate Report which leads it to the conclusion that each of the Schemes is reasonable.

Requirements for the Schemes to be Implemented

For the Schemes to come into effect, each Scheme must:

- be agreed to by a majority in number of the Members (or Optionholders) present and voting in person or by proxy at the Scheme Meeting whose shareholdings (or Optionholdings) represent not less than 75% of the total number of Shares (or Options) of those Members (or Optionholders) present and voting at the relevant Scheme Meeting.
- be approved by the Court pursuant to section 411(6) of the Corporations Act.

In addition, the Capital Reduction Resolutions to be put to the Class Meeting and the General Meeting of Exoil must each be passed as, unless those resolutions are passed, the reduction of capital under which the Non-Associated Shareholders Shares are cancelled, an integral part of the Scheme and associated proposals, cannot take place. A separate information memorandum relating to those resolutions accompanies this Scheme Booklet but that does not form part of this Explanatory Statement.

Finally, Exoil must approve the Moby Farmin at the Exoil General Meeting and Moby must pass enabling resolutions at the Moby General Meeting to enable the Scheme Consideration to be issued and to approve the Moby Farmin.

Scheme Implementation Agreement

Set out in Section 10 is the Scheme Implementation Agreement entered into between Exoil and Moby under which each of those parties has effectively agreed to do all acts, matters and things to implement the Scheme and all associated proposals.

The Scheme Implementation Agreement contains a series of conditions precedent which must be met and those conditions are summarised in clause 1 below. Exoil will provide a certificate to the Court regarding the status of these conditions at the Second Court Date.

Voting Majorities

The Share Scheme Meeting

The Share Scheme must be approved by a majority of the Non-Associated Shareholders who vote at the Share Scheme Meeting (in person, by proxy, representative or attorney) who must hold at least 75% of the total number of Shares voted at the meeting.

The Option Scheme Meeting

The Option Scheme must be approved by a majority of the Optionholders who vote at the Option Scheme Meeting (in person, by proxy, representative or attorney) who must hold at least 75% of the total number of Options voted at the meeting.

The Exoil General Meeting

Only Mr Albers and his Associates may vote in relation to the Capital Reduction Resolution to be put to the Exoil General Meeting. The Capital Reduction Resolution to be put to the Exoil General Meeting must be approved as a special resolution.

The right of Exoil Members to vote on other resolutions to be put to the meeting will be set out in the separate Notice of meeting for the Exoil General Meeting which will be despatched to Exoil Members with this Scheme Booklet. The Notice of meeting for the Exoil General Meeting does not form part of this Scheme Booklet.

The Exoil Class Meeting

Only the Non-Associated Shareholders may vote at the Exoil Class Meeting. The Capital Reduction Resolution to be put to the Exoil Class Meeting is a special resolution and must be approved by Non-Associated Shareholders who vote at the Class Meeting (in person, by proxy, representative or attorney) who must hold at least 75% of the total number of Shares voted at that meeting. The separate Notice of meeting for the Exoil Class Meeting which will be despatched to the Non-Associated Shareholders with this Scheme Booklet does not form part of this Scheme Booklet.

Effect on Schemes if resolutions not passed by requisite majorities

Unless:

- the resolutions to be put to each of the Scheme Meetings;
- the Capital Reduction Resolution to be put to the General Meeting;
- the resolution to approve the Moby Farmin Agreement to be put to each of the Exoil General Meeting and the Moby General Meeting;
- the Capital Reduction Resolution to be put to the Class meeting;

are ALL passed with the requisite statutory majorities the Schemes will not come into effect. In that case the position and rights of Non-Associated Shareholders and the Optionholders will remain as they presently exist.

In that case you will not receive any New Moby Shares or any New Moby Options.

Your entitlement to vote

If you are a Non-Associated Shareholder you will be entitled to vote at each of the Share Scheme Meeting, the General Meeting (other than in relation to resolution one on the notice of meeting) and the Class Meeting. You should complete all the applicable proxy forms if you wish to attend those meetings by proxy. You must follow the instructions on the notices of meeting and the proxy forms when you do this to ensure your vote is valid.

Mr Albers and his Associates must abstain from voting at the Share Scheme Meeting. Mr Albers and his Associates may only vote on resolution one on the notice of meeting for the General Meeting being the Capital Reduction Resolution and they are not entitled to vote at the Class Meeting.

If you are an Optionholder you will only be entitled to vote at the Option Scheme Meeting and accordingly you should complete the appropriate proxy form if you wish to attend that meeting by proxy.

Mr Albers and his Associates are not entitled to vote at the Option Scheme Meeting or the Share Scheme Meeting. Further, none of the Directors or any of their Associates will vote at either of those meetings.

Details of how to vote are summarised below and set out in the relevant notices of meeting.

Voting in person

To vote in person, you must attend the meetings at which you are entitled to vote. The various meeting will be held on 5 May 2011 at the following times:

- the Share Scheme Meeting will be held at 10:00am:
- the Option Scheme Meeting will be held at 10.15am;
- the General Meeting will be held at 10:30am:
- the Class Meeting will be held at 10:45am.

All of the meetings will be held at Level 3, Institute of Chartered Accountants in Australia, 600 Bourke Street, Melbourne, Victoria.

Voting by proxy

Personalised proxies for each of the meetings MUST be delivered to and received by Exoil or the Share Registrar by the times set out below. Personalised proxy forms accompany this Scheme Booklet for the Share Scheme and for the option Scheme. Accompanying this Scheme Booklet, but not forming part of it are Notices of Meeting for each of the Exoil General Meeting and the Exoil Class meeting. The proxy forms for those meetings accompany those notices of meeting.

The proxy forms for the different meetings are different colours as follows:

- The proxy form for the Share Scheme Meeting is Yellow and must be received by 10:00am on 3 May 2011;
- The proxy form for the Option Scheme Meeting is Blue and must be received by 10.15am on 3 May 2011;
- The proxy form for the General Meeting is White and must be received by 10.30am on 3 May 2011;
- The proxy form for the Class Meeting is Pink and must be received by 10.45am on 3 May 2011;

The proxy forms which accompany this Scheme Booklet and the notices of meeting for the above meetings are those proxy forms applicable to the meetings at which you are entitled to attend and vote.

Details as to how proxy forms must be completed and returned are set out in the notes on each proxy form.

Please complete, sign and return the appropriate proxy forms (according to your eligibility to vote at the Meetings) to the Share Registrar by posting them in the return addressed envelope provided, or by delivering it or faxing them to the Share Registrar or Exoil at the following addresses.

Link Market Services Limited
Level 1
333 Collins Street
Melbourne, Victoria 3000
Facsimile +61 (0) 3 9615 9744

or

Exoil Limited
Level 21
500 Collins Street
Melbourne, Victoria 3000
Facsimile +61 (0) 3 8610 4799

Facsimile copies of proxy forms sent to Exoil should be marked to the attention of Mr J G Tuohy.

If you have do not, for any reason, receive the proxy forms to which are entitled or if you misplace them or, for any reason, require replacements, please contact the Share Registrar, the address for which is set out above and the contact details for which are set out in the corporate directory on the inside front cover of this Scheme Booklet.

What happens if I do not vote?

If approved, the each of the Schemes in respect of which you are entitled to vote will bind you, whether or not you vote. Accordingly, you are encouraged to vote to ensure that you have your say on the proposals being considered at each of the meetings at which you are entitled to vote.

Important Dates

An indicative timetable for the implementation of the Scheme is set out below. All of the dates following the date of the meetings are indicative only.

Event	Date
Lodge Application for approval for Official Quotation of New Moby Shares and New Moby Options (the Scheme Consideration)	Before 3 May 2011
Proxy forms for all Meetings must be received no later than 48 hours before each meeting	3 May 2011
Eligibility to vote determined after CHESSE update	4 May 2011
Scheme Meetings, Class Meeting and Exoil General Meeting held	5 May 2011
Lodgement of copy of Capital Reduction Resolution with ASIC under section 256C(3) of the Corporations Act	6 May 2011
Application for Orders from the Associate Justice	17 May 2011
Application for Final Approval by the Court	27 May 2011
Effective Date and Record Date	27 May 2011
Implementation Date: cancellation of Shares and Options	3 June 2011
Issue of New Moby Shares and New Moby Options comprising the Scheme Consideration	3 June 2011
Commencement of trading of New Moby Shares and New Moby Options on deferred delivery basis on ASX	4 June 2011
Despatch of holding statements for New Moby Shares and New Moby Options	6 June 2011

Important Notices

Defined terms

A number of important words and phrases with particular meanings, including certain technical terms, are used in this document. These terms are explained in the Definitions and Glossary in Section 12 of this Scheme Booklet.

Investment decisions

This Scheme Booklet does not take into account the individual investment objectives, financial situation or particular needs of Members or of any other person. You should read this Scheme Booklet carefully and in full before making a decision on how to vote in relation to each Scheme. You should, as necessary, consult your professional advisers (solicitor, accountant, stockbroker or licensed financial adviser) if you do not understand the effect of the Schemes or their application to you.

Advantages and Disadvantages of the Scheme

Clauses 6 and 7 set out the advantages and disadvantages of the Schemes. You should read these carefully and decide whether the advantages of the Schemes outweigh the disadvantages of the Schemes.

Essentially you need to make a decision between swapping your Shares and Options for New Moby Shares and New Moby Options on the terms offered under the Schemes or remaining as Shareholders and Optionholders in Exoil.

The DMR Corporate Report sets out those matters which DMR Corporate considers make each of the Schemes fair and reasonable from the point of view of the Non-Associated Shareholders and Optionholders and in their best interests.

You should refer to the DMR Corporate Report and particularly sections 4, 12, 13 and 14 of the DMR Corporate Report. You should refer to clause 14.1 of the DMR Corporate Report and Appendix A to the DMR Corporate Report for a discussion of the effect of the Schemes and the Moby Farmin on the interests of Mr Albers and his Associates.

Forward looking statements

This Scheme Booklet includes information that is historical in character and also includes forward looking statements. The forward looking statements relate to future matters and are subject to various inherent risks and uncertainties. These risks and uncertainties include the risks described in clause 8 and other matters not yet known to Exoil or Moby or not currently considered material by them.

Actual events or results may differ materially from the events or results expressed or implied by any forward looking statements. Neither the past performance of Moby or of Exoil is a guarantee of its future performance or, necessarily an indicator of its future performance.

Neither Exoil nor Moby, nor any of their respective Directors or officers, nor any person named in this Scheme Booklet with their consent, nor any person otherwise involved in the preparation of this Scheme Booklet, makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement or as to any events or results expressed or implied in any forward looking statement, except to the extent required by law. The forward looking statements in this Scheme Booklet reflect views held only as at the date of this Scheme Booklet.

Moby Information

The information on Moby, New Moby Shares, New Moby Options and the Moby Group contained in this Scheme Booklet has been prepared by Exoil using publicly available information.

The information in this Scheme Booklet concerning Moby, its assets and liabilities, financial position and performance, profits and losses and prospects has not been verified by Exoil. Exoil does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

References in this Scheme Booklet to Moby's website are for reference only. Information contained in or otherwise accessible from that website or from ASX and not set out in this Scheme Booklet does not form part of this Scheme Booklet.

Foreign jurisdictions

The distribution of this Scheme Booklet may be restricted by the laws of foreign jurisdictions and persons who come into possession of it should seek advice on, and observe, all such restrictions. Any failure to comply with any such restrictions may constitute a violation of applicable securities law.

No action has been taken to register this Scheme Booklet or qualify Moby or to otherwise permit a public offering of New Moby Shares outside of Australia or New Zealand. In particular, Moby Shares have not been, and will not be, registered under the *Securities Act 1933* of the United States of America ("Securities Act") and may not be offered or sold in the United States or to, or for the account or benefit of, a US person (as defined in Regulation S made under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act and applicable United States state securities laws. The entitlements of Foreign Shareholders who are located in jurisdictions outside of Australia and its external territories or New Zealand are set out in clauses 12 and 41.2.

Queries

If you have any questions about this Scheme Booklet, please contact Mr Tuohy by telephone on 03 8610 4712 (+613 8610 4712 for international callers) or by email at admin@exoil.net. Alternatively, you should contact your stockbroker, legal or financial adviser.

SECTION 1

SCHEME PROCESS

1. SCHEME PROCESS AND IMPLICATIONS

1.1 Background

Moby and Exoil each hold interests in Permits and joint ventures as detailed in the SRK Report which forms part of the DMR Corporate Report.

The:

- (a) present financial position of Exoil including its level of current liabilities, its obligations under the Braveheart Omnibus Financing Agreement and the need to raise additional capital for Exoil to meet the ongoing Permit obligations set out in the SRK Report;
- (b) difficulties which the directors of Exoil see in Non-Associated Shareholders achieving a realistic market for their Shares, if they remain members of Exoil, contrast with the advantages for the Non-Associated Shareholders of being shareholders in Moby and having access to significantly more liquid market for the New Moby Shares than they presently, or foreseeably could have, for their Shares;
- (c) benefits of common ownership of both WA-359-P and WA-409-P so that Non-Associated Shareholders maximize the prospect of participation in any well which may be drilled in either of those permits by Apache;

have all combined to result in the directors of Exoil formulating the proposed Share Scheme.

The same considerations as apply to Non-Associated Shareholders apply equally to Optionholders.

The Option Scheme has been formulated to provide equality of treatment for all Optionholders so that they may also participate, through holding New Moby Options, in any benefits which may be available to the Non-Associated Shareholders.

The Schemes seek to implement the proposals set out in the covering letter from Mr Willis with the consequences set out in that letter and in this Scheme Booklet generally. For convenience of reference those proposals are set out below.

1.2 Proposal

It is proposed that:

- (a) each of the Members of Exoil who are Non-Associated Shareholders be issued New Moby Shares) with a value at least equal to the value of their existing Shares in Exoil. Under the Scheme and the Implementation Agreement, Moby will issue Non-Associated Shareholders 1.35 New Moby Shares for every Share held on the basis that fractional entitlements to New Moby Shares will be rounded up to the next highest share so that no fractional entitlements to New Moby Shares will be created.
- (b) each of the Shares held by the Non-Associated Shareholders be cancelled in exchange for the issue to the Non-Associated Shareholders of the New Moby Shares. Under the Share Scheme a total of 33,823,265 New Moby Shares will be issued to Non-Associated Shareholders.
- (c) each of the Options held by each Optionholder be cancelled in exchange for the issue of 1.35 New Moby Options for every Option with the New Moby Options being exercisable on the same terms and conditions as the Options. Under the Option Scheme a total of

40,662,280 New Moby Options will be issued to Optionholders. The terms and conditions of the New Moby Options are set out in clause 28.8 below.

- (d) the only remaining Members of Exoil be Mr Albers and Associates of Mr Albers who presently hold 56,496,252 Shares which represents 69.28% of the issued capital of Exoil.
- (e) the Moby Farmin be entered into in relation to WA-359-P subject to the Apache Farmin and subject to the Schemes coming into effect.

1.3 Consequences

The intended consequences are:

- Each Non-Associated Shareholder will become a member of Moby by receiving New Moby Shares as Scheme Consideration with those New Moby Shares being listed for quotation on ASX which should provide a significantly more liquid market for those New Moby Shares than that which exists on NSX for the Shares.
- Each Optionholder will become an optionholder in Moby by receiving New Moby Options as Scheme Consideration. Those New Moby Options will be listed for quotation on ASX which should provide a significantly more liquid market for those New Moby Options than that which existed on NSX for the Options.
- By farming into WA-359-P on the terms of the Moby Farmin, Moby will hold residual interests in both WA-359-P and WA-409-P so that, if Apache does elect to drill a well in either permit, the Non-Associated Shareholders and the Optionholders will effectively participate in the drilling of the well through their holdings of New Moby Shares and New Moby Options.
- The Non-Associated Shareholders will have exchanged their Shares for New Moby Shares on terms which are fair and reasonable.
- The Optionholders will have exchanged their Options for New Moby Options on terms which are fair and reasonable with those New Moby Options giving them exposure to any upside in the underlying value of Moby and its assets which might occur before 30 June 2013.
- Non-Associated Shareholders and Optionholders will be exposed to a more diverse and prospective asset base than they have been exposed to in Exoil albeit their aggregate percent interests in those Permits in which Exoil has an interest will have been significantly reduced.
- Exoil will retain a 0.75% interest in WA-359-P carried through future work commitments and will retain all of its other assets and continue to carry on its business and activities in the same manner as it now carries them on but as an unlisted proprietary company: not as a listed company.
- Mr Albers and his Associates will then retain 100% of Exoil's present interest in each of the other assets of Exoil, including Exoil's 13.1% interest in WA-342-P and the putative benefit of any tax losses which Exoil has and which may be able to be subsequently recouped by Exoil from future operations if Exoil passes or satisfies the Continuity of Ownership Test or, if it does not satisfy that test, if it satisfies the Continuity of Business Test. Further details of these matters are set out in clause 1.11.below.

The proposals will, in part, be carried out by schemes of arrangement. This Scheme Booklet comprises the Explanatory Statements required to be provided to Non-Associated Shareholders in relation to the Share Scheme and to Optionholders in relation to the Option Scheme as required, in each instance, under the Corporations Act.

1.4 The object of the Schemes

The object of the Schemes is to facilitate the implementation of the proposals set out herein.

1.5 What happens under the Capital Reduction Resolutions?

Under the Capital Reduction Resolutions, the Shares held by the Non-Associated Shareholders will be cancelled on the Implementation Date and Moby will satisfy the Scheme Consideration due to the Non-Associated Shareholders by issuing the New Moby Shares to them (or in the case of Non-Associated Shareholders who are Foreign Shareholders, to the Nominee) in accordance with their respective entitlements thereto.

The Capital Reduction Resolutions do not affect the Options as the Corporations Act does not impose any regulatory framework on the cancellation or surrender of Options. The Options will be cancelled under the Option Scheme itself.

1.6 When the Schemes will come into Effect

The Schemes will come into effect on the Effective Date. The Effective Date is that date on which an office copy of the Order of the Court approving each of the Schemes is lodged with ASIC.

That date will not occur until 14 days after Exoil lodges a copy of the Capital Reduction Resolutions passed at the General Meeting and the Class Meeting with ASIC as required under section 256C(3) of the Corporations Act.

1.7 When Non-Associated Shareholders and Optionholders will receive New Moby Shares and New Moby Options as Scheme Consideration

The operative provisions of the Schemes which create the effective exchanges of Shares and Options for New Moby Shares and New Moby Options and give effect to the Schemes will not become operative until the Implementation Date.

The Implementation Date is five (5) Business Days after the Record Date which, under each of the Schemes, is also the Effective Date of that Scheme.

On the Implementation Date:

- Exoil will formally cancel the Shares in accordance with section 256C(2) of the Corporations Act and, subject to the provisions of the Share Scheme relating to Foreign Shareholders, Moby will issue and allot each Non-Associated Shareholder so entitled under the Scheme 1.35 New Moby Shares for every Share held by that Non-Associated Shareholder at the Record Date.
- Exoil will formally cancel the Options. This cancellation will occur under the provisions of the Option Scheme itself and will occur concurrently with the cancellation of the Shares. On cancellation of the Options and, subject to the provisions of the Option Scheme relating to Foreign Optionholders, Moby will issue and allot each Optionholder so entitled under the Option Scheme 1.35 New Moby Options for every Option held by the Optionholder at the Record Date.

The Share Scheme will apply equally to all Non-Associated Shareholders as at the Record Date: which determines entitlement to participate in the Share Scheme.

The Option Scheme will apply equally to all Optionholders as at the Record Date: which determines entitlement to participate in the Option Scheme.

1.8 Tax consequences of Schemes for Non-Associated Shareholders and Optionholders

Exoil has obtained a report from Blaze Acumen ("the Blaze Acumen Report") which is contained in Section 9.

All Non-Associated Shareholders and Optionholders should consider seeking independent taxation advice relating to their specific circumstances, given that the information contained

in the Blaze Acumen Report and otherwise in this Scheme Booklet on the taxation consequences of the Schemes is of a general nature only.

1.9 Consequences of the Share Scheme for Non-Associated Shareholders

The Directors understand from the report from Blaze Acumen ("the Blaze Acumen Report"), contained in Section 9, that the Share Scheme will not satisfy any capital gains tax relief rollover requirements of Division 124M of the Income Tax Assessment Act 1997 ("Tax Act").

Non-Associated Shareholders are referred to the Blaze Acumen Report.

Consequently, Non-Associated Shareholders will not be able to claim capital gains tax relief on the cancellation of their Shares. As a result some Non-Associated Shareholders may make a taxable capital gain on the cancellation of their Shares. However, the great majority of Non-Associated Shareholders will make a capital loss on the cancellation of their Shares.

The following is a summary of all Share issues in Exoil under which Non-Associated Shareholders acquired Shares by issue.

All Shares issued prior to 8 October 2004 were issued to, or had, by that date, been acquired by, Mr Albers and his Associates or other persons no longer members of Exoil.

On 8 October 2004 Exoil issued 2,500,000 shares at an issue price of 12 cents to various persons including Non-Associated Shareholders.

On 9/10/2004 all shares then on issue were subdivided on a 2 for 1 basis which resulted in the 2,500,000 shares issued on 8 October 2004 being subdivided into 5,000,000 shares, each with a cost base per Share of \$0.06 (6 cents) per Share.

Subsequent to 9/10/2004 Exoil made a series of issues of shares to both Mr Albers and his Associates and Non-Associated Shareholders. The table set out below shows details of those issues and also includes the placement of shares issued on 8 October 2004 after subdivision as the resultant 5,000,000 shares with a cost base of \$0.06 per share.

On 3 September 2008 all shares then on issue were subdivided on a 2 for 1 basis to increase capital from 50,441,263 shares to 101,550,526 shares.

This subdivision was reversed on 22 October 2009, subsequent to Exoil becoming listed on NSX, when the capital was consolidated on a 2 for 1 basis to reduce the capital of Exoil back to 50,441,263 shares. The effect of this consolidation was to leave the cost base of each share on issue held by Non-Associated Shareholders as set out in the table.

Subsequent to that consolidation Exoil issued 30,775,260 fully paid Shares at an issue price of \$0.10 (10 cents) and issued 24,620,208 free Options (on a four for five basis) under an Offer Information Statement dated 9 November 2009.

Date	No of Shares Issued	Issue Price
8/10/2004	5,000,000	\$0.06
11/11/2004	1,500,000	\$0.12
1/12/2004	1,500,000	\$0.16
2/02/2005	4,000,000	\$0.16
11/02/2005	100,000	\$0.16
23/03/2005	750,000	\$0.20
20/06/2005	625,000	\$0.16
30/06/2005	156,250	\$0.16
30/06/2006	5,000,000	\$0.16
20/03/2008	334,013	\$0.16
29/01/2010 (OIS Issue)	30,775,260	\$0.10

Table 2: Share Issues between 8 October 2004 and 3 March 2011

Based on the above issue history the lowest issue price for an existing Share is the \$0.06 (6 cents) per Share for each of the 5,000,000 Shares resulting from the subdivision of the 2,500,000 shares issued at 12 cents on 8 October 2004.

As a consequence of the above, and based on value of the Scheme Consideration of 1.35 New Moby Shares, with a current market value in a range of \$0.07155 to \$0.0729 as determined by DMR Corporate, for each Share, all Non-Associated Shareholders who were the allottees of the shares under the issues noted above other than for the Shares issued at \$0.06 (6 cents), will suffer a loss, either on capital or revenue account, depending on the basis on which they hold their Shares. Given that capital gains tax rollover relief is only available where, but for the rollover relief, the holder would crystallise a taxable capital profit, it appears that it will be immaterial to most Non-Associated Shareholders that the proposals are not structured in a manner which would give rollover relief. As the Non-Associated Shareholders who acquired their Shares at \$0.06 (6 cents) have held them for in excess of 12 months they will, if they are individual shareholders in Exoil or trustees of superannuation funds, be entitled to a discount as set out in the Blaze Acumen Report and the amount of tax to which they might be subject will be minimal.

Where any Non-Associated Shareholders have acquired their Shares or any of them by purchase, they will make a profit or loss depending on whether the price paid for their Shares is greater or less than the value of the Scheme Consideration being offered under the Share Scheme.

1.10 Consequences of the Option Scheme for Optionholders

Likewise it appears from the Blaze Acumen Report that Optionholders will not be entitled to any capital gains tax rollover relief on the Options. See the Blaze Acumen Report.

However, analysis of the Share and Option Registers of Exoil show that all Optionholders hold Shares. The Options were issued as free attaching Options pursuant to the Share issue under the OIS issued by Exoil on 9 November 2009. Under that OIS applicants were issued four (4) free Options for every five (5) Shares subscribed for.

If the Schemes come into effect all of the holders of Options will suffer a loss on their Shares equal to the difference between the cost base of those Shares (\$0.10) and the value of the New Moby Shares being issued in exchange for each of those Shares (\$0.07155 to \$0.0729) as determined by DMR Corporate).

Given that DMR Corporate have valued each Option as being worth \$0.007 (0.7 of a cent) and have valued the New Moby Options being issued in exchange for each Option as being \$0.013 to \$0.014 (1.3 to 1.4 cents) it is clear that any profit on the disposition of each Option will be significantly exceeded by the loss on the Shares in respect of which the Options were issued and that, consequently, the practical consequence of the Schemes will be that any taxable profit on disposition of the Options will, effectively, be sheltered or offset by the loss on the Shares.

1.11 Consequences of the Schemes for Mr Albers and his Associates

Increase in interest in residual permit interests in Exoil and Net Assets of Exoil

The primary effect of the Schemes on Mr Albers and his Associates will be an increase in control of Exoil to a 100% interest in its capital and the consequent increase in their indirect interest in Exoil's residual assets from their current 69.28% of Exoil to that percentage ownership.

Based upon the valuation prepared by DMR Corporate that Exoil's Net Assets have a value of \$5,701,107, it can be concluded that the indirect value of Mr Albers and his Associates interests in that amount is pro rata their shareholdings, in which case it would presently be an amount of approximately \$3,949,727.

Assuming that the Moby Farmin proceeds, as it is a condition precedent to the Schemes being implemented, the assets of Exoil subsequent to the Schemes would be reduced by deducting 95% of the value of WA-359-P being earned by Moby. This would reduce Exoil's

assets by an amount of \$1,332,996 to \$4,368,111. Mr Albers and his Associates would control Exoil with Net Assets to that value, which is an increase of approximately \$418,000 in value accruing to Mr Albers and his Associates from that aspect of the Schemes and Moby Farmin. It is assumed that the residual interest in WA-359-P retained by Exoil is valued at the same rate as determined by SRK in the SRK Report.

These matters are referred to in clause 14.1 of the DMR Corporate Report and in Appendix A thereto.

This increase in value is a consequently a benefit to Mr Albers and his Associates but it cannot be looked at in isolation to determine the effect on Mr Albers and his Associates. To calculate the actual effect of the Schemes on Mr Albers and his Associates it is necessary to consider the consequential changes reflected in Moby.

In Moby, the effect of the Schemes is to dilute Mr Albers interests in Moby and its underlying assets.

Moby's underlying assets are currently valued at \$16,407,135: as determined by DMR Corporate in clause 11.5 of the DMR Report. At present Mr Albers and his Associates hold an existing 58.94% of Moby's capital on an undiluted basis. As a proportion of \$16,407,135 this represents an indirect interest in Moby of \$9,670,365.

The effect of the Schemes and the Moby Farmin will be twofold in relation to Moby; first the Moby Farmin will transfer an effective net 95% interest in Exoil's 30% interest in WA-359-P to Moby. Secondly the schemes will increase Moby's capital by approximately 33,823,265 Moby Shares and the combined effect of these events will dilute Moby's underlying asset base marginally. In clause 11.7 of the DMR Corporate Report, this is calculated as a reduction in asset backing from \$0.057 (5.7cents) before the Schemes to \$0.055 (5.5 cents) after the Schemes. This represents a dilution of approximately 3%.

It is not possible to assess what effect this may have on Moby's Share price but it may be that the combination of both WA-359-P and WA-409-P in Moby's hands might have a more positive effect on share price than the possible negative effect of the reduction in asset backing.

The increase in net assets of Moby would be an amount of 95% of the ascribed value of WA-359-P. That is an increase in assets of \$1,332,996, increasing Moby's net assets to \$17,740,131. This increase in value has not been offset by any cost to Moby of earning the interest. The actual monetary cost to Moby of the Moby Farmin cannot be determined because it relates to future expenditure and, primarily, in relation to a renewed term or terms of the WA-359-P permit if it is renewed. It is not possible to know whether the permit will be renewed or, if it is renewed, on what terms it will be renewed.

Prior to the Schemes Mr Albers and his Associates will hold 58.94% of the expanded capital of Moby. As a proportion of \$16,407,135 this is approximately \$9,670,000. On a undiluted basis, after implementation of the Schemes, Mr Albers and his Associates proportionate interest in Moby decreases from 58.94% of those assets to 52.75% of Moby's assets of \$17,744,131 after the Schemes: an amount of \$9,357,000. This represents a decrease in value of in Moby of approximately \$313,000 which is being given up by Mr Albers and his Associates in permitting the Schemes to be implemented.

Consequently, the net effect of the Schemes on the financial position of Mr Albers and his Associates is to increase the value of their respective aggregate interests by a net amount of approximately \$105,000.

However, this net figure cannot be looked at in isolation because, as a consequence of the Schemes, Mr Albers and his Associates will be the sole shareholders of Exoil. The consequences of that are that Exoil will cease to qualify for listing on N SX as a public company, that Exoil will lose access to capital markets and that Mr Albers and his Associates will have to fund Exoil's existing liabilities and 100% of Exoil's committed work commitments during the first three years of the current WA-342-P permit and generally if those permits are not to be forfeit and lost.

It is Mr Albers present intention that he and his Associates would, after implementation of the Schemes, fund those liabilities and work commitments from their own resources. Mr Albers has no present intention of recapitalising Exoil by raising equity or loan funds from third parties or by re-listing Exoil on any stock exchange. Mr Albers intentions in relation to Exoil are set out in clause 20 below.

Any value inherent in the permit interests held by Exoil will only be retained if the associated work commitments are met and therefore this expenditure obligation is relevant to the effect of the Schemes on Mr Albers and his Associates. From the date of this Scheme Booklet to 31 December 2013 those expenditures will total an immediate \$420,250 up to 31 December 2011, a further \$32,750 up to 31 December 2012 and a further \$2,620,000 up to 31 December 2013.

If that \$3,073,000 in work commitments is not met, the residual interests in Exoil, which will be held indirectly by Mr Albers and his Associates, will be liable to forfeiture under the terms of the permits or subject to forfeiture to co-joint venturers if default occurs. The summary of terms of default under JOAs as contained in clause 33(b) below in relation to Moby is common to all the relevant JOAs under which the various permits operate.

Consequently, in assuming a 100% interest in Exoil and therefore the underlying assets of Exoil, Mr Albers and his Associates are also, indirectly, assuming the liability to fund Exoil's work commitments to the total exclusion of the Non-Associated Shareholders.

In SRK's "Valuation Summary" at page 17 of the SRK Report, SRK makes the comment:

*"We have assumed the substantial commitments required to be met by Exoil Limited as detailed in **Appendix 3**, will be met by farmout or by relinquishment in the event no farminee can be found"*

This assumption accepts the underlying fact that, unless those commitments are met, the interests will require to be "relinquished".

Access to Tax Losses

Exoil has tax losses resulting from past exploration expenditure. These are stated in note 5 to the accounts of Exoil as at 30 June 2010 (as prepared on a consolidated basis) as follows:

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

<i>Tax revenue losses carried forward</i>	<i>\$2,091,851"</i>
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Exoil does not have any sufficient foreseeable likelihood of generating sufficient income or other profits from its asset base as it will exist subsequent to the Schemes being implemented to enable it to recoup its tax losses.

Although recoupment is not presently foreseeable, it is possible, in which case the tax losses could have full value of \$2,091,851 to Mr Albers and his Associates.

For Exoil to recoup those losses, Exoil would need to derive significant profit and, for it have any realistic prospect of doing that, it would need a significant injection of funds which were then invested in successful ventures. Further, Exoil would be required to satisfy the continuing requirements under the Tax Act for recoupment of such tax losses.

It is clear that, after the Schemes, the only significant asset of any value in Exoil would be Exoil's 13.1% interest in WA-342-P, which is valued at \$4,946,640, and which imputes a value for 100% of WA-342-P of \$37,760,611 plus assumption of the obligation to meet guaranteed work commitments for the initial three years of the permits present renewed term of \$20,500,000.

Whilst WA-342-P might be the most valuable interest held by Exoil, the existence of the well commitment will be a significant factor in the value that any third party is prepared to pay to acquire Exoil's 13.1% interest, were it placed for sale and whether on a forced sale basis or not.

Any purchaser would have to acquire the permit interest and be prepared to meet the ongoing pro rata work commitments of \$2,685,500. This would represent a total commitment of \$7,632,140 attributable to a 13.1% interest for Exoil to recover the value attributed to the interest by SRK.

As a consequence no assumption should be made that the interest in the permit would, on forced sale, realise the value placed thereon by SRK. This is recognised by both SRK and DMR Corporate in their respective reports.

If Exoil realised \$4,946,640 as sale proceeds of its interest in WA-359-P, the tax losses would have been partially utilised and the then residual asset base of Exoil, after repayment of debt of in excess of \$1,800,000 and satisfaction of work commitments on the residual permit interests, would provide a minimal financial basis from which to generate profits so the then remaining tax losses were recoupable..

A brief review of Exoil's other assets should indicate to any reader a general lack of apparent prospectivity in Exoil's other permits indicating they are unlikely to generate the profits necessary to recoup Exoil's tax losses.

1.12 Where you find the Scheme and the Notice of Meeting for the Scheme

This Scheme Booklet contains a copy of the Share Scheme in Section 6 and a copy of the Option Scheme in Section 7.

The Notice of Meeting for the Share Scheme Meeting is set out in in Section 13.

The Notice of Meeting for the Option Scheme Meeting is set out in in Section 14.

This Scheme Booklet is accompanied by a separate **yellow** proxy form for use by Non-Associated Shareholders to enable them to vote at the Share Scheme Meeting and is accompanied by a separate **blue** proxy form for use by Optionholders to enable them to vote at the Option Scheme Meeting.

1.13 Resolution to be put to the Share Scheme Meeting

The only resolution to be put to the Share Scheme Meeting is a resolution under section 411 of the Corporations Act *"That the proposed scheme of arrangement to be entered into between Exoil Limited and its Members be approved."*

For the resolution to be approved at the Share Scheme Meeting, and for the Share Scheme to come into effect under the Corporations Act, the resolution must be approved at that meeting by a majority comprising a majority in number of the Non-Associated Shareholders present and voting at that meeting who hold in excess of 75% of the total number of Shares voted at that meeting.

1.14 Resolution to be put to the Option Scheme Meeting

The only resolution to be put to the Option Scheme Meeting is a resolution under section 411 of the Corporations Act *"That the proposed scheme of arrangement to be entered into between Exoil Limited and its Optionholders be approved."*

For the resolution to be approved at the Option Scheme Meeting, and for the Option Scheme to come into effect under the Corporations Act, the resolution must be approved at that meeting by a majority comprising a majority in number of the Optionholders present and voting at that meeting who hold in excess of 75% of the total number of Options voted at that meeting.

1.15 The General Meeting and the Class Meeting

In addition to the Scheme Meeting, Exoil must hold a series of other meetings to pass the Capital Reduction Resolutions.

The General Meeting and the Class Meeting are both being held to approve the Capital Reduction Resolutions under which the Shares are cancelled.

The General Meeting and the Class Meeting are separate meetings as the matters to be put to those meeting cannot be put to the Scheme Meeting: which is a statutory meeting called by Order of the Court for the sole purpose of considering the resolution to approve the Scheme.

The Class Meeting and the General Meeting are required because at the Class Meeting, the Members whose Shares are being cancelled (the Non-Associated Shareholders) are able to vote on the cancellation and, at the General Meeting, the Members whose Shares are not being cancelled (Mr Albers and his Associates) are able to vote on the cancellation.

The Corporations Act thus requires both classes of Members to approve any cancellation of Shares and the splitting of the approval, so that both groups of Members must give separate approvals, prevents any dominant Member controlling the cancellation of shares process.

These matters are more fully explained in the short information statement for the General Meeting and Class Meeting which accompanies this Scheme Booklet but does not form part of it.

1.16 Present capital structure of Exoil

At the date on which this Scheme Booklet was lodged with ASIC for registration Exoil had 81,550,523 Shares, 24,620,208 Listed Options and 5,500,000 Unlisted Options on issue.

In discussions with ASIC, the issue has been raised as to whether the purported change in the terms of the options so that they all expire on 30 June 2013 and are exercisable at \$0.12 (12 cents) as announced to NSX on 17 February 2011 was effective.

This Scheme Booklet and the DMR Corporate report and the valuation of Options contained therein all proceed on the assumption that the Option terms were validly and effectively modified so that all Options expire on 30 June 2013 and are exercisable at \$0.12 (12 cents). This is the most favourable interpretation that can be made in favour of the optionholders.

Consequently, and without this issue being conclusively determined, the maximum value of the Options, based on those parameters, is that set out in the DMR Corporate Report where DMR Corporate value the Options as being worth \$0.007 (0.7 of a cent).

The primary consequence of the Option modification being ineffective is that the options are worth less than the value assessed by DMR Corporate.

For various reasons referred to in clause 2.3 below, the directors of Exoil consider that the valuation by DMR Corporate of the Options does, in any case, overstate the value of the options, even on the purported extended modified terms. If the modification is effective the Option scheme is fair and reasonable. If the modifications are ineffective then the Option scheme terms are, logically, even fairer because your Options are worth less than the value assessed by DMR Corporate. Regardless of whether this is so, the directors consider all Optionholders to form a single class of creditor because:

- All Optionholders are unsecured creditors and any difference in the value of the claims of unsecured creditors does not result in multiple classes of creditors;
- All Options are options to acquire the same type of equity security in Exoil, namely ordinary shares;
- there are no restrictions on transfer of any Options;

- there are no performance hurdles on any Options;
- there are no restrictions on exercise of any Options;
- all Options are “out-of the money” in that the exercise price is significantly above the current Share price;
- the common interest of all Optionholders is to receive value by exchanging their Options for New Moby options;
- the terms of the New Moby Offer of New Options does not distinguish between optionholders based on the characterisation of the holders thereof or on any other basis which might indicate the existence of classes of Optionholders for scheme purposes.
- the interests of the Optionholders, whose Options might have differing exercise prices and dates, are not competitive in the manner in which the contrasting rights of;
 - ordinary shareholders and preference shareholders are;
 - secured and unsecured creditors are;
 - holders of options in-the money and out-of-the money might be;

if the directors views expressed in clause 2.3 and 2.4 below are right and the volatility factor chosen by DMR Corporate in valuing the Options is wrong and the historical volatility, which DMR Corporate state is NIL, is required to be used, all options have the same value: namely NIL value.

If you are an Optionholder you should understand that the Option Scheme applies to all optionholders equally, regardless of whether the purported modification of terms was or was not effective.

Excluding the Shares held by Mr Albers and his Associates and subject to rounding, a total of 25,054,271 Shares will participate in the Share Scheme and, subject to rounding, approximately 33,823,265 New Moby Shares will be issued to Non-Associated Shareholders under the Share Scheme.

All Options will participate in the Option Scheme and, subject to rounding, a total of 40,662,280 New Moby Options will be issued to Optionholders under the Option Scheme.

1.17 Present capital structure of Moby

At the date on which this Scheme Booklet was lodged with ASIC for registration Moby had 288,177,593 Moby Shares, and 2,700,000 Unlisted Moby Options on issue. The terms of the New Moby Options which will be issued under the Option Scheme are set out in 28.8 below.

All of the Moby Shares are listed for quotation on ASX.

The terms of the Unlisted Moby Options are set out in clause 32 below.

1.18 Capital Structure of Moby subsequent to the Schemes

On completion of the Schemes, Moby will have approximately 322,000,858 Moby Shares, 40,662,280 Listed Moby Options and 2,700,000 Unlisted Moby Options on issue.

1.19 Present control of Moby

As set out in the DMR Corporate Report, Mr Albers and his Associates, hold 58.94% of the issued Moby Shares. See section 10.3 of the DMR Corporate Report and the table therein.

1.20 Effect of the Schemes on control of Moby

The effect of the implementation of the Share Scheme will be to reduce Mr Albers and his Associates percentage shareholding in Moby from an existing 58.94% to 52.75% on an undiluted basis. This will not change control of Moby.

Mr Albers and his Associates also hold 15,697,008 Options. Under the Option Scheme Mr Albers and his Associates will receive 1.35 New Moby Options for every Option and will, accordingly, be issued with 21,190,961 New Moby Options subject to rounding.

On a fully diluted basis, assuming all the then 40,662,280 New Moby Options issued under the Option Scheme are exercised, Mr Albers and his Associates percentage shareholding in Moby would have increased from 169,850,259 Moby Shares to 191,041,220 shares out of an expanded capital of 362,663,138 Moby Shares which would then represent 52.677%, a further minor dilution from 52.75% on an undiluted basis.

1.21 Present control of Exoil

Mr Albers and his Associates hold 56,496,252 Shares which represents 69.28% of the issued capital of Exoil and the same percentage of the voting power attached to all of the Shares on issue in Exoil.

1.22 Effect of the Share Scheme on control of Exoil

The effect of the implementation of the Share Scheme will be to increase Mr Albers and his Associates percentage shareholding in Exoil to 100% with those interests holding 100% of the voting power attached to all shares on issue in Exoil subsequent to implementation of the Schemes.

1.23 Conditions Precedent to the Share Scheme coming into effect

The coming into effect of the Share Scheme is subject to a series of conditions precedent inclusive of the passing of the Capital Reduction Resolutions to be put to the Class Meeting to be held immediately following the Scheme Meeting.

A commercially important condition precedent to the Schemes coming into effect is that the Moby Farmin is approved by Moby at the Moby General Meeting.

A separate notice of meeting and information statement in relation to the Exoil General Meeting accompanies this Scheme Booklet but does not form part of it.

You are recommended to read that carefully as it explains the Moby Farmin in some detail and also provides detailed information in relation to the Reduction of Capital Resolutions that will be put to the General Meeting and the Class Meeting.

A further condition precedent to the Share Scheme coming into effect is that ASX grants Official Quotation to the New Moby Shares to be issued as the Scheme Consideration. Moby has undertaken, by the Implementation Agreement set out in Section 10, to make that application prior to the Share Scheme Meeting being held. It is anticipated that listing approval will be granted by ASX as a matter of course.

Finally, the Share Scheme is conditional on the Option Scheme also coming into effect. The Schemes are interdependent and neither will come into effect unless the other of them also comes into effect.

1.24 Conditions Precedent to the Option Scheme coming into effect

The coming into effect of the Option Scheme is subject to the Share Scheme coming into effect

A further condition precedent to the Option Scheme coming into effect is that ASX grants Official Quotation to the New Moby Options to be issued as the Scheme Consideration.

Moby has undertaken, by the Implementation Agreement set out in Section 10, to make that application prior to the Option Scheme Meeting being held. It is anticipated that listing approval will be granted by ASX as a matter of course.

1.25 Rights of Foreign Shareholders and Foreign Optionholders

If you are a Foreign Securityholder you will not be able to receive the New Moby Shares or the New Moby Shares to be issued or granted as Scheme Consideration. Foreign Shareholders and Foreign Optionholders should refer to clauses 12 and 40.2 below.

1.26 Advantages and Disadvantages of the Schemes

Clauses 6 and 7 of this Scheme Booklet set out the perceived advantages and disadvantages to Non-Associated Shareholders and Optionholders of proceeding with each of the Schemes.

1.27 Recommendation of DMR Corporate as the Independent Expert

DMR corporate, as the Independent Expert appointed to consider the Schemes has concluded that each of the Schemes are fair and reasonable to the Non-Associated Shareholders and Optionholders and are in their best interests in the absence of any superior proposals.

1.28 Documents Accompanying this Scheme Booklet

Accompanying this Scheme Booklet are:

- (a) a proxy form for the Scheme Meeting (pink) for completion and return by Members.
- (b) a notice of meeting together with a short information statement for the Class Meeting and the General Meetings which will be held immediately after the Scheme Meeting.
- (c) a blue proxy form is included for you to enable you to vote at the Class Meeting. You are entitled to vote on the resolution to cancel your Shares to be put to the Class Meeting.
- (d) a yellow proxy form is included for you to enable you to vote at the General Meeting on the resolutions to be put to the General Meeting other than the Capital Reduction Resolution. You are not entitled to vote on the resolution to cancel your Shares which is being put to the General Meeting. Only Mr Albers and his Associates can vote at the General Meeting on that resolution.
- (e) a reply paid envelope to return your completed proxies, for each of the Scheme Meeting, the Class Meeting and the Exoil General Meeting.

You must understand that the Schemes will not come into effect unless the resolutions to be put to each of the meetings are passed by the requisite majorities at the meeting to which it is put and the Schemes are also approved by the Court.

You are recommended to read both the DMR Corporate Report, including the SRK Report, and the report by Blaze Acumen carefully and in full and to seek independent advice if there are any matters contained in those reports which you do not fully understand

This Scheme Booklet provides significant additional information which is important for you, as a Member or Optionholder, to consider carefully. Accordingly, you should read this Scheme Booklet carefully and in full before making a decision on how to vote in relation to the Scheme. You should, as necessary, consult your professional advisers (solicitor, accountant, stockbroker or licensed financial adviser) if you do not understand the effect of either Scheme or its application to you.

SECTION 2

COMMERCIAL JUSTIFICATION AND PURPOSE FOR THE SCHEMES

2. OVERVIEW

You should read this Scheme Booklet in full before deciding how to vote at each of the Scheme Meetings and the Class Meeting. If you are in any doubt as to how to deal with this Scheme Booklet you should consult your stockbroker, legal or financial adviser as soon as possible.

2.1 Terms of the Share Scheme

Under the terms of the Share Scheme, and subject to the provisions dealing with Foreign Shareholders, Non-Associated Shareholders will receive 1.35 New Moby Shares for every Share held by them on the Record Date.

2.2 Terms of the Option Scheme

Under the terms of the Option Scheme, and subject to the provisions dealing with Foreign Optionholders, Optionholders will receive 1.35 New Moby Options for every Option held by them on the Record Date.

2.3 Value and Imputed Value for the Share Scheme Consideration

DMR has valued a Share as being \$0.07 (7 cents) on a control premium basis and \$0.039 (3.9 cents) on a minority shareholding basis (which is what the Shares held by the Non-Associated Shareholders are). This valuation is based on the assumption that all Options are exercisable at \$0.12 (12 cents) and are exercisable up to 30 June 2013: which might not be so. see clause 1.16 above. DMR has valued a New Moby Share as being in a range of \$0.053 (5.3 cents) and \$0.054 (5.4 cents). See clause 4 and clauses 8 and 11 of the DMR Corporate Report.

The actual value of the New Moby Shares and the New Moby Options you will receive under the terms of the Schemes will both depend on the market price of Moby Shares, which will vary during the period from the despatch of this Scheme Booklet up to the date of the Scheme Meetings and thereafter. Consequently, Non-Associated Shareholders and Optionholders should take note of changes in the market price of Moby Shares during the period up to the date of the Scheme Meeting.

DMR's valuation methodology for Moby differs from the basis on which DMR values Exoil.

DMR's valuation of Exoil is based on an asset value methodology based on the SRK Report.

DMR's valuation methodology for Moby is based primarily on the market value of Moby Shares as reflected by trading on ASX.

The imputed value of a Share, based on the market price of Moby Shares as determined by trading on ASX, is also subject to investor sentiment which is affected by short term considerations, investor attitudes to the underlying prospectivity of Moby, economic conditions and other matters reflected in clause 8 under the heading "*Risks associated with holding Moby Shares*", particularly those risks related to investment in marketable securities.

2.4 Value and Imputed Value for the Option Scheme Consideration

DMR has valued an Option as being \$0.007 (0.7 of a cent) and has valued a New Moby Option as being worth \$0.013 - \$0.014). See clause 4 and clauses 9 and 12 of the DMR Corporate Report.

Both those valuations are based on Black & Scholes valuations. The actual value of the New Moby Options you will receive under the terms of the Option Scheme will also depend on the market price of Moby Shares, which, as stated, will vary during the period from the despatch of this Scheme Booklet up to the date of the Scheme Meetings and thereafter. Consequently, Non-Associated Shareholders should take note of changes in the market price of Moby Shares during the period up to the date of the Scheme Meeting.

The value of your Options was determined by DMR carrying out a Black & Scholes option valuation based on a number of parameters including an exercise price of \$0.12 (12 cents) and an exercise date of 30 June 2013. DMR Corporate stated that the most important of those parameters were the current share price of the underlying shares and volatility.

In relation to the current share price of the underlying Shares DMR Corporate state that *“Generally the most recent share price is used or, where the shares are thinly traded, an average of the most recent trades. In the case of Exoil, the only trades on the NSX occurred more than one year ago and we therefore cannot base the option valuation on recent trading in Exoil shares. We have therefore used the share price of \$0.039”* as determined in Section 8 of the DMR Report.

In relation to volatility DMR Corporate have stated:

“This is a critical input into the option valuation. The volatility factor used should reflect the expected future volatility in the underlying share price. This is usually estimated by reference to historical volatility. Where the underlying shares are thinly traded or have a limited trading history, such as recently listed companies, we generally estimate the expected future volatility by reference to the volatility of comparable listed companies.

As there have been effectively no trades in Exoil shares, there is no historical volatility. We therefore cannot estimate the future volatility by reference to past trading in Exoil shares. **In fact if there continues to be no trading in Exoil shares between the present point in time and the expiry date of the options, there would also be no volatility and, as the options are out of the money, we would be led to the conclusion that the options have a nil value.**

As the Exoil shares are listed, we cannot predict that a market in Exoil shares will not develop. We have therefore estimated the expected future volatility by reference to a number of comparable ASX listed companies. The average share price volatility of these companies was 76% and we have adopted this volatility in our calculations.”

On the bases chosen including the above, DMR Corporate values an Option at \$0.007 (0.7 of a cent). This is clearly the maximum value of your Options.

Importantly DMR Corporate also state: ***“We stress that this value is critically dependent on the assumption as to future volatility. Based on any volatility below 30% the option value rounds down to nil. Unless a market develops in Exoil shares or the underlying value of Exoil shares exceeds the exercise price of \$0.12, the options will have a nil value.”***

As a Non-Associated Shareholder you might consider that the volatility of securities which, essentially, never trade and for which there is no market, is less than 76%, particularly when there is no historical volatility and where no market is expected to arise which would create volatility.

As a Non-Associated Shareholder you might also question whether any basket of companies trading on ASX could be thought to be comparable to Exoil.

The companies chosen by DMR Corporate as the comparable companies were as set out in the table below.

Any analysis of the trading history of those companies as recorded by ASX shows they are all actively traded: whereas Exoil is not.

Further the market capitalisations of the companies bare no relationship to Exoil's market capitalisation.

The market capitalisation of Oilex is approximately 13 times that of Exoil and the market capitalisation of Drillsearch Energy is approximately 39 times that of Exoil.

Trading volumes are hugely disparate and the movement in share price varies significantly contrasted with Exoil.

The companies are:

Listed Company	Market Capitalisation \$millions	Volatility %
Drillsearch Energy	121	88.0
Strike Energy	72	62.4
3D Oil	38	96.6
Impress Energy	43	48.2
Lakes Oil	46	70.7
Empire Oil & Gas	52	92.1
Oilex	41	71.7
Average		75.7

Table 3: Volatility of Companies used by DMR Corporate in Option Valuation

By contrast Exoil has minimal market capitalisation, its securities do not trade and it has few members.

As a consequence of the above you might, as an Optionholder, conclude that your Options are worth less than the value attributable thereto by DMR Corporate.

Notwithstanding the above, DMR Corporate has concluded that the Option Scheme is fair and reasonable and valued a New Moby Option in the range \$0.013 to \$0.014 (1.3 cents to 1.4 cents).

The actual value of the New Moby Options will likely vary from that value as it will vary with the market price of Moby Shares.

2.5 The Schemes will result in you becoming shareholders and/or optionholders in Moby, which is an ASX listed Australian oil and gas company with a market capitalisation of approximately \$15 -16 million

As a result of the Schemes you will become a shareholder and/or optionholder in Moby, which is a much larger company than Exoil, is listed on ASX, and which has a much larger shareholder base, with in excess of 1,700 members, and a significantly greater market capitalisation than Exoil.

Consequently, you should have greater liquidity for your investment in Moby than you have had for your investment in Exoil.

2.6 Moby has a larger resource base with a wider range of assets than Exoil

Moby has greater scale and diversification of assets and resources than Exoil currently has, as described the SRK Report. Moby also has greater cash resources and other assets and, on completion of the Schemes, will provide access for Non-Associated Shareholders and Optionholders to any benefits which might flow from the Apache Farmin.

Moby's interests are disclosed in detail in the SRK Report which forms part of the DMR Corporate Report.

2.7 Moby has a conservative financial profile and significant cash resources

Moby currently has low debt levels and a strong financial position, with substantial cash resources and liquid assets, and low forward exploration commitments.

2.8 If the Schemes do not proceed you will continue to hold your Shares and Options

If the Schemes do not proceed, Exoil will continue to operate as a separate entity listed on NSX. It will remain controlled by Mr Albers and his Associates. Non-Associated Shareholders and Optionholders will continue to hold their Shares and Options which may become worthless unless Exoil is funded to meet its present liabilities. The Shares and Options will remain illiquid without any apparent market in which they may be traded with the consequence that Non-Associated Shareholders and Optionholders will be unable to readily realise their inherent value. Exoil will, likely, remain unprofitable with minimal, if any, prospect of paying any dividend.

Your investment in Exoil will also remain subject to the following risks, which are largely due to its unfunded status and that its exploration assets, other than WA-342-P, are at early stages of exploration. These risks include:

- (a) Exoil will need to raise funds to meet its work commitments if it is to avoid loss of joint venture interests in Permits as a result of not meeting work commitments. Its ability to raise funds will be dependent upon the support of its major shareholders, primarily Mr Albers and his Associates. If those parties support any capital raising or underwrite any such capital raisings, your shareholding in Exoil will be diluted unless you take up your entitlements to any issue. If the result of the capital raising made under the offer information statement ("OIS") issued by Exoil on 9 November 2009 provides any guide to the likely support to be given by Exoil shareholders, excluding Mr Albers and his Associates, any new issue will attract minimal support. Consequently the prospect of funding from any new issue of equity securities can be considered remote. Any such issue would, if underwritten by Mr Albers or his Associates, most likely result in breach of NSX Listing Rules as referred to by Mr Willis in his covering letter. Such an issue is not, in the opinion of Mr Willis and Mr Menzies, a course of action that is necessarily in the interests of the Non-Associated Shareholders because it does not solve the issue of lack of marketability of the Shares and Options referred to extensively throughout this Scheme Booklet. If the Non-Associated Shareholders reject the current proposals, Mr Willis and Mr Menzies would re-consider their opinion but point out that such an issue would not succeed unless strongly supported by Mr Albers and his Associates. Because of the actual and potential conflicts which Mr Albers has in relation to this matter, no discussion has been held with Mr Albers as his likely response to an issue save that all directors see it as an unattractive alternative which would result in a breach of NSX Listing Rules, even if it was successful in raising funds. These issues make sale of permit interests, and in particular WA-342-P and WA-359-P (which are Exoil's most valuable permit interests) the most likely way in which Exoil would raise funds. Such a course of action would inevitably reduce the potential of Exoil to the detriment of all stakeholders, including all of Exoil's Members and all Exoil Optionholders, and, as stated by DMR Corporate, the prices achievable on forced sale of any permit interests will likely be significantly less than the values calculated by SRK on a going concern basis. DMR Corporate states, in clause 14.1 of its report that:

*"Exoil has a significant liability that is due and payable in July 2011 (approximately \$1,800,000) and it does not have the cash resources from which to discharge this liability. Exoil has few options for meeting this obligation. **Given the absence of a market for its shares, we doubt that Exoil will be able to raise additional equity. In these circumstances the directors may be forced to sell one or more of Exoil's interests in exploration properties. If this were to occur, then we consider that the values realised from the sale of the exploration properties may be significantly less than the values ascribed to the exploration properties in the SRK report**".*

As a Non-Associated Shareholder or Optionholder you might reasonably conclude that this prospect re-enforces the attractiveness of the current proposals.

- (b) Even if Exoil could raise the requisite funding, expenditure on its Permits may fail to enhance the value of those Permit areas, as, other than in relation to WA-342-P (which has contingent resources), no Prospective Resources or any other resources of any kind may be shown to exist in any of those Permits, leading to those interests becoming largely valueless. This same risk exists in Moby but, on completion of the Schemes, Moby will have a wider spread of permits than Exoil and some of those permits have greater prospectivity than the permits in which Exoil has interests or in which both Moby and Exoil have interests.
- (c) Continuation of the present risks and difficulties to which you are subject as a result of your being a minority shareholder or optionholder in Exoil, with minimal capacity to deal in your Shares or Options because, based on the historical pattern of trading on NSX, there is no ready market available for them.

2.9 No alternative proposals

At the date of this Scheme Booklet, there is no alternative proposal which you can accept or expect. Due to the fact that Mr Albers and his Associates control Exoil, there is no reasonable likelihood that any other proposal will become available to you at any time, other than with the approval of Mr Albers. No such proposals are known to Exoil.

If the Schemes do not proceed you should expect that part or all of Exoil's present interest in WA-342-P and other permits (including WA-359-P) would need to be sold to raise the funds necessary to meet Exoil's present indebtedness and work commitments. If this event were to occur, it is possible that Exoil would be left without any interest in WA-359-P and/or WA-342-P or would be left with a reduced interest in each of them. The alternative method of raising those necessary funds would be a new equity issue as discussed in clause 2.8(a) above, which is unlikely to raise sufficient funds unless underwritten by Mr Albers and his Associates, and which would put Exoil in breach of NSX Listing Rules if Directors interests increased only marginally in percentage terms.

Until any such interests in permits are offered for sale it is not possible to determine what value would be received on their sale. It is inappropriate to assume that the valuations determined upon by SRK and DMR Corporate as the value of any of Exoil's permit interests in the circumstance of a forced sale. Members are referred to the comments in 2.8(a) above.

The sale of permit interests is the most likely manner in which Exoil would be able to raise funds. Any new issue is highly unlikely to be successful as the only likely supporters of such an issue would be Mr Albers and his Associates. Any new issue could, in any event, be expected to be at a discount to the value of a Share as determined by DMR Corporate.

Given that the only trade on NSX for Exoil Shares was at \$0.03 in January 2010 and that there is no "buy" bid for Exoil Shares on NSX, such an issue could be at an issue price below that. Any such issue would be highly dilutive of the percentage interests of Non-Associated Shareholders and even if it was made and was fully subscribed, it would not solve the underlying problem for Non-Associated Shareholders and Optionholders in Exoil: namely that, from a commercial point of view, those securities are unmarketable. DMR Corporate accepts that this is so when it states:

"There is effectively no market for the Exoil shares and we can see no likelihood of a market emerging." See the quote below.

This ongoing issue of marketability for Non-Associated Shareholders and Optionholders of their economic interests in Exoil is, insofar as realistically possible, resolved by the Schemes which make the economic interests of the Non-Associated Shareholders and the Optionholders realisable by converting those economic interests into New Moby Shares and New Moby Options for which it can be expected, based on historical market data, that there will be an available market.

3. INDEPENDENT EXPERT CONCLUDES THAT SCHEMES ARE IN YOUR BEST INTERESTS

DMR, the independent expert appointed to advise on the Schemes, has concluded that the terms of each of the Schemes are fair and reasonable to the Non-Associated Shareholders and Optionholders and in their best interests.

DMR's summary conclusions as to the fairness of the Schemes are set out in section 13.1 and 13.2 of the DMR Corporate Report are set out below. The valuation assumes that the Options are exercisable up to 30 June 2013 at an exercise price of \$0.13. However see clause 1.16 and 2.3 above.

13. Assessment as to Fairness

13.1 Share Scheme

In Section 8.8 we concluded that the value one Exoil share held by the Non-Associated Shareholders is \$0.039. This is our assessment of the value of a minority share in Exoil and reflects the minimal liquidity of the NSX market.

As the Share Scheme will result in Albers and his associates controlling 100% of Exoil, we have treated the Share Scheme as being effectively a takeover of Exoil and for this reason we have assessed the fairness of the Share Scheme by comparing the value of an Exoil share on a control basis (\$0.07 per share – Section 8.5) with the value of a minority Moby share (\$0.053 to \$0.054).

The Share Scheme consideration offered to the Exoil shareholders are 135 Moby shares for each 100 Exoil shares current held. The fairness of the Share Scheme consideration can therefore be assessed as follows:

	Low	High
<i>Value of 1 Exoil share (inclusive of control premium)</i>	<i>\$0.07</i>	<i>\$0.07</i>
<i>Value of a parcel of 100 Exoil shares</i>	<i>\$7.00</i>	<i>\$7.00</i>
<i>Value of 1 Moby share (excluding a control premium)</i>	<i>\$0.053</i>	<i>\$0.054</i>
<i>Value of a parcel of 135 Moby shares</i>	<i>\$7.16</i>	<i>\$7.29</i>

As the value of each parcel of 135 Moby shares held by the Non-Associated Shareholders following implementation of the Share Scheme (\$7.16 to \$7.29) exceeds the value of each parcel of 100 Exoil shares currently held by them (\$7.00), we have concluded that the Share Scheme is fair.

13.2 Option Scheme

In Section 9 we assessed the value one Exoil option at \$0.007 and in Section 12 we assessed the value of one Moby option to be issued to the Exoil option holders in a range of \$0.013 to \$0.014 per option.

The Option Scheme consideration offered to the Exoil option holders are 135 Moby options for each 100 Exoil options current held. The fairness of the Option Scheme consideration can therefore be assessed as follows:

	Low	High
Value of 1 Exoil option	\$0.007	\$0.007
Value of a parcel of 100 Exoil options	\$0.70	\$0.70
Value of 1 Moby option	\$0.013	\$0.014
Value of a parcel of 135 Moby options	\$1.76	\$1.89

As the value of each parcel of 135 Moby options held by the option holders following implementation of the Option Scheme (\$1.76 to \$1.89) exceeds the value of each parcel of four Exoil options currently held by them (\$0.70), we have concluded that the Option Scheme is fair.

Factors which DMR has taken into account in considering whether the Scheme is reasonable included the following significant factors, set out in section 14 of the DMR Corporate Report as follows:

“14. Other Significant Factors

14.1 Share Scheme

We detail hereunder the likely advantages and disadvantages if the Schemes of Arrangement proceed together with other factors for the Exoil shareholders and option holders to consider before voting on the proposed Schemes of Arrangement:

- In Section 13.1 above, as required by ASIC Regulatory Guide 111, we assessed fairness by comparing the control value of Exoil shares with the portfolio value of Moby shares. A similar comparison can be made by comparing the value of a parcel of 100 minority shares held by the Exoil shareholders at present with the value of 135 Moby shares they will receive if the Schemes of Arrangements are implemented. This comparison is set out below:*

	Low	High
Value of 1 Exoil share (excluding a control premium)	\$0.039	\$0.039
Value of a parcel of 100 Exoil shares	\$3.90	\$3.90
Value of 1 Moby share (excluding a control premium)	\$0.053	\$0.054
Value of a parcel of 1355 Moby shares	\$7.16	\$7.29

As can be seen from the above analysis, in our opinion the Non-Associated Shareholders will replace a parcel of 100 Exoil shares that we have valued at \$3.90 with a parcel of 135 Moby shares that have a current market value in a range of \$7.16 to \$7.29. The uplift in value essentially reflects the elimination of the marketability discount that presently attaches to the Exoil shares.

- There is effectively no market for the Exoil shares and we can see no likelihood of a market emerging. The Share Scheme offers the Non-Associated Shareholders an opportunity to swap an illiquid investment for Moby shares in which there is an active and liquid market.*
- Exoil has a significant liability that is due and payable in July 2011*

(approximately \$1,800,000) and it does not have the cash resources from which to discharge this liability. Exoil has few options for meeting this obligation. Given the absence of a market for its shares, we doubt that Exoil will be able to raise additional equity. In these circumstances the directors may be forced to sell one or more of Exoil's interests in exploration properties. If this were to occur, then we consider that the values realised from the sale of the exploration properties may be significantly less than the values ascribed to the exploration properties in the SRK report.

- *The Apache farmin provides an option for Apache to drill one well anywhere within exploration permits WA-359-P and WA-409-P and gain an additional interest in both tenements. These two permits cover a total area of 1,778 km² and whilst WA-359-P covers approximately 68% of the combined area of the two exploration permits, the Exoil shareholders are exposed to a risk that their interest in WA-359-P will be further diluted from 30% to 15% without the benefit of a well being drilled within WA-359-P. The Share Scheme will result in Moby having an interest in both WA-359-P and WA-409-P and the Non-Associated Shareholders, by virtue of becoming Moby shareholders, will also have an exposure to both exploration permits. This provides certainty that the Non-Associated Shareholders will have exposure to any well drilled by Apache, if Apache in fact decides to exercise its option of drilling a well.*
- *Apart from exposure to two permits in the Bass Basin and WA-359-P, Moby has interests to the same exploration permits as Exoil, though Moby has interests in two additional exploration permits in the Gippsland Basin and two permits in the Carnarvon Basin. The Non-Associated Shareholders will therefore continue to have exposure to most of the exploration properties held by Exoil, even though the exposure will be reduced as the Non-Associated Shareholders have a 30.72% interest in Exoil but they will only have a 10.5% interest in Moby.*
- *As at 31 December 2010 Moby had cash resources of approximately \$4.4 million and minimal liabilities. It is therefore in a far stronger financial position than Exoil.*
- *In Section 8.5 we valued Exoil, based on its net assets, at approximately \$5,700,000. Albers and his associates presently hold 69.28% of Exoil's issued shares and the underlying value of the net assets held by Albers and his associates is therefore approximately \$3,950,000 (\$5,700,000 x 69.28%).*
- *The proposed Scheme will result in Albers and his associates controlling 100% of Exoil. The net asset value of \$5,700,000 includes Exoil's current interest in exploration permit WA-359-P, however pursuant to the farmin proposal Moby is to acquire a 95% interest in Exoil's residual interest in that permit. This will result in reducing the value of Exoil's net assets to approximately \$4,370,000. The proposed Scheme will therefore result in an increase in the value of the Exoil net assets held by Albers and his associates by approximately \$420,000 (\$4,370,000 - \$3,950,000).*
- *In Section 11.5 we valued Moby, based on its net assets, at approximately*

\$16,400,000. Albers and his associates presently hold 58.94% of Moby's issued shares and the underlying value of the net assets held by Albers and his associates is therefore approximately \$9,670,000 (\$16,400,000 x 58.94%).

- The proposed Scheme will result in the holding that Albers and his associates have in Moby reducing to 52.75%. Pursuant to the farmin proposal Moby is to acquire a 95% interest in Exoil's residual interest in exploration permit WA-359-P. This will result in an increase in the value of Moby's net assets to approximately \$17,740,000 and the underlying Moby net assets held by Albers and his associates will be approximately \$9,360,000 (\$17,740,000 x 52.75%). The effect of the proposed Scheme will be to reduce the value of the underlying Moby net assets held by Albers and his associates by approximately \$310,000 (\$9,670,000 - \$9,360,000).*
- The net effect of the proposed Scheme on Albers and his associates is to increase the value of their share of the underlying net assets by approximately \$110,000, comprising of an increase in the underlying value of the Exoil net assets of \$420,000 and a reduction in the underlying value of the Moby net assets of \$310,000. Details of the impact of the proposed Scheme on Albers and his associates are set out in Appendix A.*
- We understand that Exoil has future exploration commitment expenditures totalling approximately \$3.1 million to be met by 31 December 2013. Failure to meet the exploration commitments will result in breaching the conditions of the various exploration permits and ultimately will result in their forfeiture. Exoil does not have the funds to meet the exploration commitments. The proposed Scheme will eliminate exposure to this risk by the Exoil Non-Associated Shareholders as the risk will remain with Exoil and its continuing shareholders, i.e. Albers and his associates.*

14.2 Option Scheme

- Our valuation of the Exoil options was based on an assumed future share price volatility of 76%, however given the absence of a market in Exoil shares, the historical volatility is effectively nil. Importantly, unless a market in Exoil shares develops during the life of the options or the underlying value of Exoil shares exceeds the exercise price of \$0.12, the options will have a nil value.*

14.3 Conclusion as to Reasonableness

After giving due consideration to the above significant factors, we consider that the proposed Schemes of Arrangement are reasonable."

After assessing whether the Schemes are fair and reasonable, DMR concluded that the Schemes were in the "best interests of the Exoil Shareholders" in section 15 of the DMR Corporate Report, as set out below.

“15. Conclusion as to ‘In the Best Interests’

15.1 Share Scheme

In our opinion, the proposed Share Scheme is fair and reasonable and is in the best interests of the Non-Associated Shareholders of Exoil, in the absence of a superior offer being received.

15.2 Option Scheme

In our opinion, the proposed Option Scheme is fair and reasonable and is in the best interests of the Exoil option holders, in the absence of a superior offer being received.”

4. NO RECOMMENDATIONS BY DIRECTORS

All directors refrain from making any recommendations on the Schemes as none of the Directors regard themselves as independent. All have actual or potential conflicts as are outlined in the Chairman’s covering letter.

In making any decision as to how to vote on the Schemes each Non-Associated Shareholder and Optionholder should have regard to the following matters:

- (a) The reasons set out in the DMR Corporate Report, why DMR Corporate concluded that the Schemes being put to Members (including the Non-Associated Shareholders) and Optionholders are fair and reasonable and in the best interests of Non-Associated Shareholders and Optionholders.
- (b) That although DMR Corporate did not consider whether the proposals are, or are not, in the best interests of the Mr Albers and his Associates, DMR Corporate commented on these matters in clause 14.1 of the DMR Corporate Report and tabulated the consequences of the Schemes and the Moby Farmin on Mr Albers and his Associates interests in Appendix A to that report. You should refer to those matters and also consider the matters set out in clause 1.11 above where those, and related matters, are commented upon. You should also note that:
 - (i) each of Mr Albers and his Associates will lose most of the interest that they presently hold in WA-359-P through their shareholdings in Exoil as the Moby Farmin will reduce Exoil’s interest in WA-359-P to between 0.75% and 1.5% of WA-359-P. Consequently, Mr Albers and his Associates will not, through their shareholdings in Exoil, participate in any material upside from the Apache Agreements.
 - (ii) the current proposals do not raise any funds for Exoil, but leave Exoil with its current and presently unfunded liabilities of in excess of \$1,800,000 and the need to fund work commitments under the terms of the current permits held by it. The primary advantage of the Share Scheme for Mr Albers and his Associates, is that their interests in Exoil’s current permits increases. A significant offsetting disadvantage for them is that their proportionate exposure to the costs of maintaining those permit interests and funding work commitments also increases, including, in the case of WA-342-P, the cost of drilling a well in the current first three year term of the renewed permit. The cost of any well in Cornea, if required to be met by the current permit holders is unlikely to be less than the cost of the Cornea #3 well, which exceeded US\$20,000,000 at current exchange rates. The work estimate for the cost of the well in the present term of the permit which, under the terms of its grant, are guaranteed work commitments, is \$20,000,000. Exoil’s presumptive proportionate share of that cost would be 13.1% or \$2,620,000 which is presently unfunded.
- (c) To the extent that Mr Albers and his Associates are Moby shareholders, they will benefit or otherwise that capacity in the same manner as all other Moby shareholders, namely that their interests in Moby’s existing assets will be diluted by approximately 10.5% but that they will acquire an interest in WA-359-P which the Moby shareholders did not have before. This benefit is somewhat illusory as Mr Albers and his Associates collectively had a much

greater interest in WA-359-P through Exoil, where they held in excess of 69.2% of the issued capital, than they will have through Moby.

- (d) To the extent Mr Albers and his Associates are Optionholders, the effect of the Schemes on them is the same as on any other holder of Listed Options.
- (e) Exoil requires significant funding to meet costs associated with the current and future years permit work commitments and no other proposal is likely to be received by Exoil that will provide such funding and, in the absence of such funding, the Shares and Options are likely to have minimal future value.
- (f) Whether you consider that the advantages of implementing the Schemes significantly outweigh the disadvantages of implementing the Schemes.
- (g) The Schemes will leave Exoil as a wholly-owned by Mr Albers and his Associates while:
 - (i) the Non-Associated Shareholders will have received New Moby Shares, which are freely tradeable on ASX, in exchange for cancellation of their Shares, which will have been cancelled; and
 - (ii) the Optionholders will have received New Moby Options for their Options, in exchange for cancellation of their Options

the effect of which is to provide Non-Associated Shareholders and Optionholders with a more ready method of both maintaining an investment in some underlying assets as held by Exoil while providing Non-Associated Shareholders and Optionholders with a more readily available exit path or mechanism if they wish, at any time, to dispose of the New Moby Shares or New Moby Options they receive as Scheme Consideration on implementation of the Schemes.

- (h) The acquisition of an interest in WA-359-P by Moby under the Moby Farmin, so that Moby holds both interests in both WA-359-P and WA-409-P and thus will receive almost the entire benefit of the Apache farmin, may result in investment in Moby being more attractive to new investors, potentially increasing the market value of Moby and providing erstwhile Non-Associated Shareholders and Optionholders with increased market value for the present value of their Shares and Options.
- (i) Given the conclusions of DMR Corporate as the Independent Expert, it is reasonable to assume that the aggregate market value of:
 - (i) the New Moby Shares to be issued to Non-Associated Shareholders pursuant to the Scheme will have at least the same market value as the Shares which they presently hold.
 - (ii) the New Moby Options to be issued to Optionholders pursuant to the Scheme will have at least the same market value as the Options which they presently hold.

5. DO THE ADVANTAGES OF THE SCHEMES OUTWEIGH THEIR DISADVANTAGES

In considering this issue the following matters should be considered:

- (a) The matters more particularly set out in Section 2 above, which contains an overview of the commercial justification for the Scheme.
- (b) The significant funding required by Exoil for future exploration of its assets and the present lack of funding available for that purpose.
- (c) The presently significant debt, presently in excess of \$1,800,000, with which Exoil is presently encumbered and the methods by which that debt may be discharged;
- (d) The continuing unattractiveness of a new equity issue in Exoil, which is not, in Mr Willis' or Mr Menzies view, in the interests of Non-Associated Shareholders or Optionholders, together with other matters associated with such an issue, all as discussed in this Scheme

Booklet including that such an issue would, if not taken up by Non-Associated Shareholders, dilute their interests and, even if successful, not address the underlying problem of the lack of marketability for their Shares or Options.

- (e) the potential benefits and advantages which may accrue to Non-Associated Shareholders and Optionholders as Moby shareholders and Moby Optionholders. A comparison of these advantages and benefits and the potential disadvantages and risks of the Scheme is set out below.
- (f) Whether Moby's financial strength and perceived greater prospectivity of Moby's exploration areas, when contrasted with those of Exoil, is likely to increase the value of Non-Associated Shareholders and Optionholders economic interests more than would result from continuing to hold the Shares and Options and whether this prospectivity is enhanced with the combination of WA-359-P and WA-409-P in Moby.
- (g) the conclusion by DMR, as the Independent Expert, that the Schemes are fair and reasonable and in the best interests of Non-Associated Shareholders and Optionholders together with the reasons given by DMR for arriving at those conclusions.

Members should carefully consider these matters in deciding how to vote at the Scheme Meetings in relation to the Schemes and separately in how to vote at the Class Meeting in relation to the Capital Reduction Resolutions and in relation to the Exoil General Meeting in relation to approval of the Moby Farmin.

6. PERCEIVED ADVANTAGES OF THE SCHEMES

Non-Associated Shareholder and Optionholders need to consider whether the Schemes provide an opportunity for Exoil to maximise value for the Non-Associated Shareholders and Optionholders.

Non-Associated Shareholder and Optionholders might consider that the Schemes are advantageous for the reasons set out below and for the reasons set out in Section 2 in the overview summarising the commercial justification and purpose of the Scheme.

It is pointed out to Non-Associated Shareholders and Optionholders that:

- (a) The major advantage of the Schemes is that the Non-Associated Shareholders and Optionholders are receiving full value for their Shares and Options. This flows from the conclusion by DMR Corporate that the Schemes are both fair and in the best interests of the Non-Associated Shareholders and Optionholders respectively.
- (b) Exoil is underfunded and has minimal prospect of raising funds to meet its committed permit work commitments or to otherwise fund ongoing corporate activities in the near to medium term unless a capital raising is supported by both Moby and Mr E G Albers and his Associates. Failure to raise funds to meet current debts of approximately \$1,800,000 incurred as a result of a shortfall in funding for the Cornea #3 and Braveheart #1 wells will result in Exoil being in default under the Braveheart Omnibus Facility Agreement and the Braveheart JVA with adverse consequences for Exoil. This debt is due for payment at the start of July 2011 and, absent these Schemes and current proposals being implemented, failure to satisfy that liability will impact adversely on the value of Non-Associated Shareholders and Optionholders economic interests. In the event that the Schemes are implemented and Exoil becomes owned as to 100% by Mr Albers and his Associates, they will provide Exoil with such financial assistance as may be necessary to enable Exoil to meet its obligations on an ongoing basis.
- (c) Failure to meet minimum Permit work commitments could involve breach of relevant JVAs and sale or forfeiture of interests in those permits with a consequent diminution of the value of Exoil and, consequently, reduction in value of the Shares and Options. If Exoil were to remain underfunded the Shares and Options could, in time, become valueless.
- (d) Although Exoil might attempt to resolve its funding requirements by sale of assets or farmout, the majority of its Permits are at an early stage of exploration and require completion of additional work to generate leads and prospects to make them attractive as

farmout opportunities. Save as may be required to be made by Exoil to avoid the occurrence of an Event of Default as referred to in the Braveheart Omnibus Facility Agreement summarised in clause 40.7 in Section 4 below, there are no prospective farmouts or sales of interests being considered by the Directors at present. Such sales will be commenced to be considered but Non-Associated Shareholders and Optionholders might consider these to be less in their interests than the present proposals. The market will be kept informed as to any developments in relation to Exoil and its interests.

- (e) The ASX provides much greater depth for Non-Associated Shareholders and Optionholders to trade their New Moby Shares and New Moby Options than NSX, the market on which Exoil is presently listed.
- (f) The value of the Shares and Options held by Non-Associated Shareholders and Optionholders should not be adversely affected by the Scheme. The Scheme terms for both the Share Scheme and the Option Scheme are fair, as referred to in the DMR Corporate Report, because the value of their respective interests after the implementation of the Schemes exceeds the value of those interests before the Scheme. DMR has also concluded that the Schemes are reasonable.
- (g) the Schemes provide protection from any significant decrease in the value of the Shares and Options which would likely arise if Exoil was unable to access sufficient funding to enable it to meet its current liabilities and ongoing Permit work commitments. Subsequent to the Schemes being implemented, any subsequent default by Exoil would be irrelevant to the Non-Associated Shareholders and Optionholders. Clearly, after implementation of the Schemes, Mr Albers and his Associates will be required to fund Exoil and its subsidiaries from their own funds. Indirectly, this will be in the interests of the Non-Associated Shareholders and Optionholders in their capacity as Moby securityholders because such funding will ensure that the risk of financial default in the terms of the various JVOAs being breached is lessened.
- (h) Allied to the previous point, from the point of view of the Non-Associated Shareholders and Optionholders, the Schemes address the question of the ability of Exoil to fund its current liabilities and the substantial future costs of exploration of its Permits by leaving the obligations related to such funding to Mr Albers and his Associates. Moby's existing cash and other financial resources provide Moby with an opportunity to raise funds at a time of Moby's choosing, when Moby considers market conditions are appropriate, and not when financial exigency dictates. This capacity to determine if, and when, to raise funds means that more attractive terms are likely to be obtained by Moby when it raises funds than Exoil would be able to obtain.
- (i) Moby will hold interests in both WA-359-P and WA-409-P with the effect that the benefit of any upside from the Apache Agreements will vest in Moby. This can be expected to result in investment in Moby being more attractive to new investors, increasing the market value of Moby and promoting increased liquidity in trading of Moby Shares.

Finally there are no other alternatives to the Schemes available to Non-Associated Shareholders and Optionholders. No other realistic alternative offers them the same range of benefits.

Many of the reasons why DMR considers the Scheme terms are "*reasonable*" focus on the qualitative matters identified in the overview of the commercial justification for the Schemes and various of the matters set out in this clause 6. They are significant matters.

7. DISADVANTAGES OF THE SCHEMES

The following matters are perceived as the disadvantages of the Schemes from the Non-Associated shareholders and Optionholders perspective.

- (a) The main potential disadvantage for Non-Associated Shareholders and Optionholders is that their indirect interest in WA-359-P and any benefits from the Apache Agreement will reduce from a present indirect approximate 9.2% to a reduced indirect approximate 2.99% interest. In the case of any determination by Apache to drill a well in WA-359-P to the exclusion of WA-409-P and in the circumstance that such a well was both a discovery well and indicated a commercial discovery, the disadvantage they would suffer is that their

respective interests and the prospective value attached thereto could be considerably less through holding New Moby Shares and New Moby Options than would be the case if they had continued to hold their Shares and Options. Whether that would be so would also depend on what other activities Moby undertakes in the foreseeable future and whether such a discovery would attract buyers for their Shares and Options given the structure of Exoil and the fact that it is listed on NSX. Other factors which would influence the prospective value of their interests would be the nature and extent of the discovery and when it was proposed to bring the discovery into production. The time frame for development of any project is affected by a wide range of factors and Exoil would still likely have to fund its then 15% or 20% interest in the permit through any further exploration and development work to bring the discovery to production and that process would normally take some years. In considering this matter, Non-Associated Shareholders and Optionholders should remember that they have indirectly participated in an extensive exploration program involving the acquisition, processing or reprocessing of significant 2D and 3D seismic programs over, and drilling programs in, permits in which Exoil has or had interests. Consequently they should be fully aware of the risks associated with drilling and exploration and can, if they elect to do so, extrapolate those experiences to the current Apache Farmin and the work to be carried out by Apache thereunder. They should perhaps remember that Exoil has participated in the drilling of five offshore petroleum exploration wells in recent years, all at high cost.

For information, details of those wells are:

- (i) Bazzard #1 drilled in Vic/P53 by Stuart Petroleum Limited in Q3 of 2007 at a probable cost of \$30 million;
- (ii) Coelacanth #1 drilled in Vic/P45 by Apache in March 2008 at a probable cost of \$30 million;
- (iii) Spikey Beach #1 drilled in T/38P by Beach Petroleum Limited in September 2009 at a probable cost of \$20 million;
- (iv) Braveheart #1 drilled in WA-333-P by Exoil and its co-venturers in late 2009/early 2010 at a cost of approximately \$20 million;
- (v) Cornea #3 drilled in WA-333-P by Exoil and its co-venturers in early 2010 at a cost of approximately \$20 million;

Prior thereto, Exoil had also participated in a series of seismic programs including:

- a 420 kms² 3D seismic program in Vic/P53;
- a 1,100 kms² 3D seismic program in Vic/P45;
- a 2,000 line km 2D seismic survey over WA-332-P, WA-333-P and WA-342-P
- a 3,660 line km 2D seismic survey in T/37P and T/38P;
- a 1,100 line km 2D seismic survey in EPP34;

and had carried out significant reprocessing of previously acquired 2D and 3D seismic, all in an endeavour to discover and develop leads and drillable prospects.

Importantly, apart from Cornea #3, drilling into a known oil and gas accumulation, all the above wells and associated exploration activity failed to result in any discoveries, notwithstanding the expenditure of what is estimated to be in excess of US\$150,000,000.

This history shows the risks of drilling and exploration generally and should be considered when analysing this potential disadvantage. Non-Associated Shareholders and Optionholders might consider that the benefit of marketability for their Shares and Options is significantly more important to them than the downside of reduced exposure to any prospect

of success in WA-359-P from any possible well drilled by Apache, particularly because Apache has no obligation to drill.

- (b) The extent of the potential disadvantage in (a) above is unlikely to be known until well after the completion of the Schemes. Apache has commenced the Zeebries 3D seismic survey which was scheduled to take at least three months to complete. However processing of the data acquired and the interpretation of that data will likely take many months after that. A decision to drill or not drill and if so, in what permit, is not expected until 2012. Well before that time, Exoil must have resolved its current financial issues and, depending on how those issues are resolved, any diminution in the value of the Shares and Options would already have occurred.
- (c) Non-Associated Shareholders and Optionholders will no longer hold a direct interest in Exoil. However, given that Exoil and Moby have a high commonality of permit interests as referred to in the SRK Report, and that comparatively little value is attributable to their indirect interests in T/37 and T/38, whose prospectivity is not considered high by SRK, this disadvantage is perhaps offset by Non-Associated Shareholders continuing to have reduced interests in the same permits other than T/37 and T/38 and by acquiring indirect interests in each of WA-409-P, WA-360-P, Vic/P41 and Vic/P47 as well as acquiring the not insignificant benefit which may accrue from the effective amalgamation by Moby of WA-359-P with WA-409-P to provide certainty that, if a well is drilled by Apache, they will have a level of participation in that well and any benefits from any discovery. Equally relevant they will participate in any upside in the market price of Moby Shares which results from the announcement of these proposals, given that the exchange ratio for the Scheme Consideration was fixed prior to the announcement of these proposals, and if Apache elects to drill a well, they will inevitably benefit from upside in any Moby Share price which results from that announcement. These matters are not illusory. They represent equally tangible benefits as flow from any other corporate action received positively by the market and investment community. Conversely, because of the structure of Exoil, listed as it is on NSX, such benefits are unlikely to occur in relation to their Shares and Options and any benefits from the Apache Farmin would only likely have an effect in relation to their Shares and Options if Apache elects to drill a well in WA-359-P and the well was a discovery well which was declared commercial.
- (d) A further disadvantage for Non-Associated Shareholders and Optionholders of no longer holding a direct interest in Exoil is that they will not participate in the benefit of Exoil's existing tax losses if, for any reason, Exoil was to become sufficiently profitable to enable those tax losses to be recouped. In this context Non-Associated Shareholders and Optionholders are referred to the discussion in clause 1.11 above.
- (e) The Scheme Consideration consists of fixed numbers of New Moby Shares and New Moby Options and does not include a cash component. Therefore, the value of the Scheme Consideration depends on the value of Moby Shares Non-Associated Shareholders and on the value of the New Moby Options for Optionholders. However, it should be noted that the New Moby Shares and New Moby Options will be quoted on ASX and will thus be more readily convertible into cash by sale than the Shares or Options presently are.
- (f) Non-Associated Shareholders who receive New Moby Shares and New Moby Options will be subject to many risks and factors that influence, both negatively and positively, the share price of a company like Moby. A description of these factors is set out in Clause 8 below. Non-Associated Shareholders and Optionholders might consider these factors and risks are more likely to adversely affect Exoil with its smaller shareholder base, market capitalisation, fewer assets, comparatively high levels of debt and more limited scope to raise funds than they will affect Moby.
- (g) To the extent that Moby has a wider range of permit interests than Exoil, by approving the Schemes, Non-Associated Shareholders and Optionholders will have an increased exposure to both the benefits and risks associated with that expanded range of permit interests. Non-Associated Shareholders and Optionholders may consider that the effect of this disadvantage is lessened from their point of view as Moby's future funding obligations, compared with its existing financial resources, show a significantly greater capacity to meet those obligations than is the case with Exoil. They might also consider that

Moby has greater future financial stability than Exoil and that this is a relevant consideration when considering whether they should vote in favour of the Schemes.

The advantages and disadvantages set out above should not be considered exhaustive. Non-Associated Shareholders, Optionholders and their advisers may perceive that there are other advantages and disadvantages associated with implementation of the Schemes. These may be specific to their individual circumstances or of more general application. For this reason, if you have any doubts or concerns about the potential impact of any of these factors on your Shares or Options and their value, then you should consult your stockbroker, accountant or other professional advisor to discuss them. This is particularly so given that none of the Directors of Exoil are independent or are in a position, as a result, to make recommendations in relation to the Schemes.

8. RISKS ASSOCIATED WITH OWNING MOBY SHARES AND OPTIONS

A significant risk faced by optionholders in any company, and to which shareholders are not subject, is that the options held will expire on the exercise date of the option and, if at that time, it is uneconomic or, in the opinion of the optionholder, unwise, to exercise the option, then the optionholder will lose the entire value of his or her investment on expiry.

Further, prior to exercise of an option, it may not be possible for an optionholder to sell his or her options because of a combination of the exercise price, the market price of the underlying shares and the trading history of those shares which together indicate to prospective purchasers that the option is effectively valueless.

In the case of Exoil, with the only recorded sales of Shares on NSX since listing being 100,000 Shares sold at \$0.03 (3 cents per share) of 25 January 2010, an exercise price of \$0.10 (10 cents) and an assessed value of \$0.039 (3.9 cents) per Share (on a minority share value basis), it is unlikely that any prospective buyers exist for any of the Options.

Subject to the above, in the present situation Members and Optionholders are currently exposed to various risks as a result of their investment in Exoil which are substantially the same as those of owning Moby Shares or Moby Options but are, in some cases, more extreme because of the lesser financial capacity of Exoil and its less well developed asset portfolio.

Under the Scheme, Non-Associated Shareholders will become shareholders in Moby and Optionholders will become optionholders in Moby and all will be exposed to the risks to which Moby is exposed (which include the existing risks of investment in Exoil and Moby). While the text below refers primarily to risks associated with holding Moby Shares, Optionholders should regard the risks noted as being equally applicable to the risks of holding Moby Options.

There are a number of risk factors which may affect the future operating and financial performance of Moby and the future investment performance of Moby Shares, many of which are outside the control of Moby and its directors.

Exoil has relied primarily on Moby having complied with its continuous disclosure obligations. Consequently, Exoil is not in a position to identify all of the material risks of Moby nor, consequently, all of the material risks to which Moby and Moby shareholders and optionholders are subject or may become subject.

Despite this, Exoil has considered the current risks associated with Moby identified from Exoil's limited due diligence on Moby (i.e. its review of publicly available information and Moby's announcements to the ASX) to prepare this summary of material risks currently known to Exoil.

In deciding whether or not to vote in favour of the resolution to approve the Scheme and thus, the Scheme, you should carefully consider these risks, as well as the other information contained in this Scheme Booklet and any other publicly available information.

Additional risks and uncertainties not currently known to either Exoil or Moby may also have a material adverse effect on the business of Moby and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Moby.

(a) **Share investment**

Members should be aware that there are risks associated with any stock market investment. It is important to recognise that share prices and dividends might fall or rise. Factors affecting the operating and financial performance of Moby and the market price of Moby Shares include domestic and international economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation rates, the announcement of new technologies and variations in general market conditions and/or market conditions which are specific to a particular industry. In addition, share prices of many companies are affected by factors which might be unrelated to the operating performance of the relevant company. Such factors might adversely affect the market price of Moby Shares. Additionally, success or failure in operations undertaken by the Moby will also significantly affect share prices and increase share price volatility. Acquisition of WA-359-P reduces risk for Moby and all Moby securityholders including, after implementation of the Schemes, the Non-Associated Shareholders and Optionholders, because it eliminates the risk of them not participating in any well that is drilled by Apache under the Apache Farmin.

Moby will issue New Moby Shares to implement the Share Scheme. Some Non-Associated Shareholders who receive New Moby Shares under the Share Scheme may not intend to continue to hold their New Moby Shares and may wish to sell them on the ASX. There is a risk that, if a significant number of Non-Associated Shareholders seek to sell their New Moby Shares, this may adversely affect the market price of Moby Shares.

Moby will issue New Moby Options to implement the Option Scheme. Some Optionholders who receive New Moby Options under the Option Scheme may not intend to continue to hold their New Moby Options and may wish to sell them on the ASX. There is a risk that, if a significant number of Optionholders seek to sell their New Moby Options, this may adversely affect the market price of Moby Options.

As stated in clauses 2.1 and 2.2 above, the Scheme Consideration under the Share Scheme is 1.35 New Moby Shares for every Share held and is 1.35 New Moby Options for every Option under the Option Scheme. The implied value of that consideration will fluctuate depending upon the market value of Moby Shares.

(b) **Investment risks generally**

Investment is subject to risks of a general nature relating to investment in shares and securities generally and especially where the company in which the investment is made has a comparatively small market capitalisation (such as Moby) and is involved in a speculative activity.

(c) **Risks related to investment in resources**

Exploration and/or development of resources, particularly oil and gas, the area of Moby's activities, are subject to high levels of risk.

(d) **Fiscal risks**

Fiscal 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. For possible consequences of the Federal Governments proposed "super profits tax" see below.

(e) **sovereign risk**

Historically, Australia has been perceived to have little sovereign risk. That perception is rapidly changing because of the consequences for investment in mining projects associated, or perceived to be associated with Federal Governments originally proposed 40% Resource Super Profits Tax ("RSPT") on the resources industry which proposed to tax all profits on new resource projects above the long term bond rate at a rate of 40% and the current proposed tax on profits from coal and iron ore production at the rate of 30%. Concern has been expressed by many mining companies and investment analysts that this

has alarmed foreign investors in Australia and created a significant risk of Australia being perceived as a country with high sovereign risk. The effect of any such mining tax, if implemented, may have a material effect on both the availability and cost of capital to develop any resources actually discovered.

Additional sovereign risk exists because, since the 2010 Federal Election, Government at a federal level in Australia is by minority government which is inherently unstable. Given the consequences of political instability and the different policies of the Labour Party (on the one hand) and the Liberal/National coalition parties (on the other hand) such political stability may have adverse commercial and fiscal consequences at any time resulting from any unforeseen change in government.

(f) Macro-economic and political factors

Apart from exchange risks, fiscal risk and sovereign risk, there are a wide range of other macro-economic and political factors beyond the control of Moby which may affect its 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.

(g) 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, Members should understand that those prices can also decline with equal or even greater rapidity and have done so in the past. Members should understand that the viability of any discovery which might be made by Moby or any of its joint venture partners will depend, in part, on oil and gas prices, being one of the factors which will determine whether any resource which may be discovered can be commercially and profitably recovered.

(h) Other factors

Other risk factors 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. The effect of the global financial crisis has had marked effects on stock markets world-wide and, although there has been a significant level of recovery on world stock markets, it is not possible to say whether that recovery will be long term or sustained or whether additional future crises will again adversely affect stock markets. Further, the recessions or economic downturn in many of the world's major economies has adversely impacted on demand for oil and gas. The continuing prospect of financial instability at a sovereign level, with Ireland and Greece having accepted "financial bailouts" from the European Union, and the with prospect that Portugal and Spain may require similar bailouts may result in continuing financial instability in international financial markets.

The consequent effect on prices of further economic downturn could impact on the viability of Moby's operations to some extent even though, apart from the well commitment in year three of the renewed term of WA-342-P, Moby has sufficient cash reserves to meet all its other foreseeable operating cost and permit obligations. The more probable effect of continued financial instability would be on the market value of Moby Shares and the resultant impact on Moby's ability to raise further equity. The effects of such downturns normally affects the ability of most resource companies to raise capital for continuing operations and, even if it does not result in companies being unable to raise equity capital, it may affect the price at which that capital can be raised.

(i) Sufficiency of funding

In conjunction with its joint venturers in WA-342-P, Moby will seek to farm out the obligation to drill the well in the third term of the current term of WA-342-P. However, if this cannot be achieved Moby will need to raise additional capital to meet part of its anticipated costs related to that well and may need to do so, in any event, to implement and complete its

business plans and meet all work and expenditure commitments on the permits and on any permits subsequently acquired.

Any requirement to raise additional capital has two consequences for Moby Securityholders. First, the requirement to raise additional capital may result in their shareholding in Moby (possibly) being diluted. Second, if additional capital is not raised when it is actually required, Moby's operations will not then be able to be funded, with the result that their investment in Moby may significantly decrease in value. The total amount of capital that may be required to be raised from time to time by Moby in the future is not presently ascertainable, as it will depend on the success or otherwise of Moby's proposed operations.

Expenditure will be dependent in part on the results of exploration activities from time to time, approval of work programs, budgets by joint venturers where applicable, and available working capital. It should be noted that, when required, further funds will be obtained from a combination of sources which may include remaining working capital, farmouts, the partial sale of interests, the proceeds of further share issues by Moby or the exercise of Moby Options, including the New Moby Options to be issued under the Option Scheme. In the case of field development capital expenditure, funding may need to be obtained via project loan finance.

Moby's success will depend upon it being able to commercialise its interests in its various permits whether by farmout, sale or as a result of drilling success, as contemplated by the Apache Farmin, by having access to sufficient capital and funding to meet its exploration needs and any development costs (in the event of a commercial discovery), being able to maintain title to its Permits and obtaining all required approvals for its activities.

(j) Contract risks

Moby operates through a series of contractual relationships with operators, technical experts, project managers and contractors generally, some of which are in writing and some of which have been verbally agreed. All contracts carry risks associated with the performance by the parties of their obligations as to time and quality of work performed.

(k) Joint venture and farmin risks

Given that Moby and Exoil are both in joint venture with various other parties and have, or will, enter into farmout agreements where their respective obligations are assumed by others, the incapacity of those joint venturers or farminees to meet contracted obligations would adversely affect the Merged Group's capacity to carry out its activities.

Even though the terms of any Joint Operating Agreement to which Moby is a party in relation to any Permit may impose obligations on the other joint venturers to meet cash calls and provide Moby with rights under against any such co-venturers, these rights may be effectively valueless if Moby does not have the funds to exercise the rights and permit it to fund and acquire any defaulting co-venturer's interest.

(l) Regulatory risks

Operations 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 Merged Group. While Moby can reasonably believe that all requisite approvals will be forthcoming, and whilst the Moby's obligations for expenditure will be predicated on any requisite approvals being obtained, Non-Associated Shareholders should be aware that Moby cannot guarantee that any or all approvals required by it will be obtained. A failure to obtain any approvals would mean that Moby's ability to participate in continued exploration or develop any project, or possibly to acquire any project, may be limited or restricted either in part or absolutely. Although Moby believe that relevant approvals will be forthcoming, no certainty exists that this will be so.

(m) Claims, liability and litigation

The risk of litigation is a general risk of Moby's business. Moby is presently not involved in litigation and the Directors are not aware of any basis on which any litigation against Moby

may arise. However, there is always the risk that litigation may occur as a result of differing interpretations of obligations or outcomes.

(n) Exploration and drilling risks

Petroleum exploration involves significant inherent risks in predicting the location and nature of potential petroleum accumulations in the sub-surface. Moby cannot give any assurance that Moby's exploration programs will result in the discovery of any accumulation of oil or gas, or 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 financial and environmental risks of drilling incidents such as blow-outs, fires and oil spills. Moby will mitigate these risks via its safety and environmental policies, plans and procedures and will arrange appropriate insurances for particular risks. Moby cannot give any assurance against the occurrence of any of these or other adverse events.

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

(o) Discovery risks

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

(p) Production risks

Moby does not currently have any petroleum production interests. No Reserves have been defined within any of the Permits in which Moby has an interest. Therefore, there can be no assurance given that Moby will achieve production from any of the Permits it has an interest in as referred to in this Scheme Booklet. Even if a discovery well is drilled on any of the Permits, Moby's capacity 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 Moby's capacity 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 prices or otherwise, may result in the discovery of a hydrocarbon accumulation not being commercial or ceasing to be commercial.

(q) Reserve calculation risks

As stated above, Moby has no Reserves at present. However, even if Moby is successful at some time in the future in establishing Reserves from any future discovery, it should be recognised that there are numerous difficulties inherent in estimating Reserves. Any future statements as to Reserves which might follow a future discovery, when and if made, should at best be regarded as preliminary indications or possibilities and not relied upon. 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.

(r) Environmental compliance

In carrying out operations, Moby (and any other operating joint venture Moby may enter into or operate on its own) will be required to comply with the Environment Protection and Biodiversity Conservation Act 1999 (Cth) ("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 these operations. The EPBC Act sets out stringent conditions which must be complied with by operators and imposes rigid conditions which must be met before operations can commence. In the event of a breach of any such conditions, Moby may be liable to prosecution and imposition of penalties.

Further, following cessation of any production from future operations, Moby will be required to participate in clean-up programmes resulting from any contamination from operations in which it participates, removal of disused plant and equipment and where necessary, restoring 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 would possibly be inadequate.

(s) **Operational risks**

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

(t) **Climatic, maritime and geographic risks**

The Permits are situated in the offshore Basins in areas of Australia. Climatic conditions may preclude exploration work being carried out from time to time. Additionally, given that the Permits are offshore, from time to time it is possible that sea conditions may adversely affect operations undertaken by Moby or its joint venturers.

(u) **Insurance**

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

(v) **Title and tenement risks**

A risk must exist that some or all of the Permits that Moby holds or has interests in, when required to be renewed, may not be renewed by the relevant regulatory authorities. Each Permit is for a specific term and carries with it work obligations and reporting commitments, as well as environmental and other conditions requiring compliance. Consequently, Moby could lose title to, or its interests in, Permits if Permit conditions are not met or if sufficient funds are not available to fund obligations. Any failure to comply with the conditions on which a Permit is held exposes the Permit to forfeiture.

In the event that Moby is successful in making a commercial discovery, it will have the right to apply for a production licence over the discovery. The grant of such a licence is also subject to the relevant petroleum legislation and will only be granted on the terms and conditions that the Designated Authority considers appropriate. Once granted, such a production licence is liable to forfeiture on breach of any of its conditions.

(w) **Native title**

Moby's permit interests, present and future, may become subject to Native Title claims. However, 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 1993 (Cth) 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. 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.

(x) **Financial performance may be affected by regulatory and fiscal changes**

Changes in relevant taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies in Australia may have an adverse effect on the assets, operations and ultimately Moby's financial performance. These factors may ultimately affect Moby's financial performance and the market price of Moby Shares.

(y) **Wars, terrorism, political and natural disasters**

Events may occur within or outside Australia that could impact upon the world economy, the market for oil and gas, the operations and exploration activities of Moby and the market price of Moby Shares. These events include war, acts of terrorism, civil disturbance, political intervention and natural events such as earthquakes, floods, fires and poor weather.

8.2 **Business risks to which Moby is subject**

In addition to the risks mentioned above, the following risks may affect the market price of Moby Shares:

(a) **Impact of inflation on costs**

Higher than expected general inflation rates or inflation rates specific to the oil and gas industry, could increase operating and development costs and potentially reduce the value of future project developments. These cost increases may be offset however by increased selling prices.

(b) **Foreign exchange fluctuations**

Moby's operations could be adversely affected by the impairment of assets and exposure to fluctuations in exchange rates.

(c) **Environmental matters and emissions trading**

Future exploration and production developments are subject to a range of environmental legislation which may change in a manner that may include requirements in addition to those now in effect. Such changes may impose or require a heightened degree of responsibility and liability for companies and their directors and employees. There may also be unforeseen environmental liabilities resulting from oil and gas related activities, which may be costly to remedy. In particular, any change to environmental laws (either in Australia or in the jurisdiction of any of Moby's customers or suppliers) may have a material adverse effect on Moby's businesses.

For example, the previous Australian Federal Government's proposed carbon pollution reduction scheme (or similar proposal) may impact Moby's ongoing operations if and when it is implemented. These impacts may include:

- (i) increased compliance costs associated with data collection and management, emissions reporting, assurance of emissions and energy data and the purchase and management of carbon permits;
- (ii) increased operating costs as suppliers and other providers pass through their costs associated with carbon;
- (iii) direct carbon permit liability costs under a carbon pollution reduction scheme, particularly in regards to fugitive methane emissions; and

These potential risks may be mitigated through the development of emissions abatement projects.

(d) Loss of key personnel

Moby's operations will be dependent upon the continued performance, efforts, abilities and expertise of its key personnel. There are no guarantees that Moby will be able to retain these employees or that it will be able to prevent them from competing with Moby in the event of their departure.

(e) Reliance on third parties

Through Moby's participation in joint ventures and its use of contractors and other third parties for exploration and other services, it is reliant on a number of third parties for the success of its current operations and for the development of its exploration projects. While the situation is normal for the oil and gas industry, problems caused by third parties may arise which have the potential to impact on Moby's performance and operations. Any failure by counterparties to perform their obligations may have a material adverse effect on Moby and there can be no assurance that Moby would be successful in attempting to enforce any of its contractual rights through legal action.

(f) Industrial action

Moby will be subject to the risk of industrial action and work stoppages by Moby's employees and the employees of contractors who provide services which are necessary for the continued operation of Moby's businesses.

(g) Safety legislation

Current and future exploration and production facilities are subject to a range of safety legislation which may change in a manner that may include requirements in addition to those now in effect and a heightened degree of responsibility for companies and their directors and employees.

(h) Changes in accounting policies

Moby will be subject to the usual business risk that there may be changes in accounting policies which have an adverse impact on Moby.

9. INFORMATION ABOUT MOBY IN THIS SCHEME BOOKLET

The information contained in this Scheme Booklet in relation to Moby is provided at a level considered necessary by Exoil to enable Non-Associated Shareholders and Optionholders to be in a position to make a fully informed decision as to whether to vote in favour of, or against the resolutions to be put to each of the Scheme Meetings and the Class Meeting. However, while that disclosure is extensive, this Scheme Booklet is not a prospectus and is not required to comply with the disclosure requirements which Moby would be required to comply with if it were issuing a prospectus under section 710 of the Corporations Act.

10. TAXATION CONSEQUENCES OF THE SCHEMES FOR NON-ASSOCIATED SHAREHOLDERS AND OPTIONHOLDERS

Neither Exoil nor its Directors are able to give any taxation or other professional advice in relation to the matters set out in this Scheme Booklet.

The provisions of the Tax Act govern the ability of the Non-Associated Shareholders and Optionholders to obtain the benefit of capital gains tax relief under the Tax Act.

An independent taxation report from Blaze Acumen as to the effect of the Scheme on Non-Associated Shareholders and Optionholders is included in Section 9 below.

The Blaze Acumen Report makes it clear that neither the Share Scheme nor the Option Scheme will satisfy any capital gains tax relief rollover requirements of Division 124M of the Income Tax Assessment Act 1997 ("Tax Act").

Because taxation issues are of importance for Non-Associated Shareholders and Optionholders they are also dealt with at some length in Section One of this Scheme Booklet under the heading "SCHEME PROCESS AND IMPLICATIONS".

In brief, the lack of rollover relief is unlikely to be of significance as it is not available where an investor would suffer losses on capital account, as will the vast majority of Non-Associated Shareholders under the Share Scheme. It is likely that the losses most Non-Associated Shareholders will suffer in relation to their Options under the Options Scheme will be sheltered by the losses they suffer under the Share Scheme.

Some Non-Associated Shareholders, such as the buyers of the 100,000 Exoil Shares traded on 25 January 2010 at \$0.03 per Share might make a profit under the Share Scheme and, to the extent that this is so, all such profits will be taxable in the normal course with no rollover or other relief being available under the Schemes.

Each Non-Associated Shareholder and each Optionholder is recommended to seek independent legal and accounting advice in relation to the matters set out herein as the circumstances of each of them will differ from those of each other of them. It is appropriate that each such person should ensure that he or she obtains appropriate taxation and accounting advice having regard to his or her circumstances before either voting in favour of or against the resolutions to be put to each of the Scheme Meetings at which they may be entitled to vote and the Class Meeting.

11. TAXATION CONSEQUENCES OF THE SCHEMES FOR MR ALBERS AND HIS ASSOCIATES

The implementation of the Schemes will have no effect on the tax position of Mr Albers and his Associates but Non-Associated Shareholders are referred to clause 1.11 for information relating to Exoil's tax losses.

12. INFORMATION ESPECIALLY FOR FOREIGN SECURITYHOLDERS

Foreign Shareholders and Foreign Optionholders (being Non-Associated Shareholders and Optionholders with a registered address outside of Australia, its external territories and New Zealand) will not be issued with New Moby Shares or New Moby Options under the Schemes.

The relevant New Moby Shares and New Moby Options to which they would otherwise be entitled will be allotted to a nominee approved by ASIC. That nominee will sell them and account to the each of them for the net proceeds of sale after deduction of any applicable brokerage, stamp duty and other taxes and charges.

Foreign Shareholders and Foreign Optionholders should also note that the value to them of the proceeds of sale of the Scheme Consideration to which they will be entitled (whether that be New Moby Shares or New Moby Options) will depend upon the relevant rates of foreign exchange and that changes in the rates of foreign exchange may have an adverse impact on the value of the Scheme Consideration.

Foreign Shareholders and Foreign Optionholders should each seek their own independent advice, including independent taxation advice, as to the consequences of the Schemes on them and their interests.

13. CONDITIONS PRECEDENT

The Share Scheme is subject to a series of conditions precedent.

These are more particularly set out in the Implementation Agreement. Briefly, they are primarily focused on the Resolutions to be put to the Class Meeting, the General Meeting and any Moby General Meeting all being passed by the requisite statutory majorities required under the Corporations Act. These include the Moby Farmin being approved. For full details refer to clause 3 of the Implementation Agreement in Section 10 below.

The Option Scheme is subject to the same conditions precedent.

Each of the Schemes is also conditional on the other of the Schemes coming into effect so that, unless both Schemes come into effect, neither Scheme will come into effect.

14. EFFECTIVE DATE

Assuming always that the resolutions put to the Class Meeting and the General Meeting are also passed as required, each of the Schemes will become effective on the Effective Date, as defined in the Scheme, namely, when a copy of the Court Order approving the Scheme is lodged with ASIC in accordance with the Corporations Act.

From a practical point of view each of the Schemes will, if approved at the relevant Scheme Meeting, be approved by Orders of the Court contained in a single instrument signed by the Judge at the Court Order Time.

After the Court has approved the Schemes, the Court Orders will then be lodged with ASIC and, on the conditions precedent being satisfied, the Schemes will each come into effect.

15. INTENTIONS OF DIRECTORS IN RELATION TO SHARE SCHEME

Mr E G Albers and each of his Associates intend to abstain from voting on the resolution to be put to the Share Scheme Meeting.

Each of Mr E G Albers and each of his Associates may only vote on the resolution where a Non-Associated Shareholder appoints any of them as a proxy and directs the proxyholder how to vote, so that no discretion as to how a vote is to be cast rests with any of such persons.

Mr Willis and his Associates intend to abstain from voting on the resolution to be put to the Share Scheme Meeting. Mr Willis and his Associates may only vote on the resolution where a Non-Associated Shareholder appoints any of them as a proxy and directs the proxyholder how to vote, so that no discretion as to how a vote is to be cast rests with any of such persons.

Mr Menzies holds no Shares. For information, Mr Menzies wife, Ms Shayne Menzies holds 27,500 Shares and has advised that she intends to abstain from voting on the resolution to be put to the Share Scheme Meeting.

16. INTENTIONS OF DIRECTORS IN RELATION TO OPTION SCHEME

Mr E G Albers and each of his Associates intend to abstain from voting on the resolution to be put to the Share Scheme Meeting.

Each of Mr E G Albers and his Associates may only vote on the resolution where an Optionholder appoints any of them as a proxy and directs the proxyholder how to vote, so that no discretion as to how a vote is to be cast rests with any of such persons.

Mr Willis and his Associates intend to abstain from voting on the resolution to be put to the Share Scheme Meeting. Mr Willis and his Associates may only vote on the resolution where an Optionholder appoints any of them as a proxy and directs the proxyholder how to vote, so that no discretion as to how a vote is to be cast rests with any of such persons.

Mr Menzies and his Associates intend to abstain from voting on the resolution to be put to the Share Scheme Meeting. Mr Menzies and his Associates may only vote on the resolution where an Optionholder appoints any of them as a proxy and directs the proxyholder how to vote, so that no discretion as to how a vote is to be cast rests with any of such persons.

17. ADDITIONAL RELEVANT MATTERS FOR CONSIDERATION

No consideration has been or will be provided by Exoil for or in connection with either of the Schemes or any connected transaction.

All Non-Associated Shareholders will participate equally in the Share Scheme and will participate equally in any benefits accruing pursuant to the Share Scheme, if it comes into effect. Mr Albers and his Associates will not participate in the Share Scheme.

All Optionholders will participate equally in the Option Scheme and will participate equally in any benefits accruing pursuant to the Option Scheme, if it comes into effect. Mr Albers and his Associates who are Optionholders will participate in the Option Scheme in like manner as any other Optionholder.

Information in relation to the Scheme that will be available to all Members (including Non-Associated Shareholders), Optionholders, creditors and securities exchanges is that information contained in this Scheme Booklet which comprises the explanatory statements required under the Corporations Act in relation to each of the Share Scheme and the Option Scheme.

18. AMENDMENT OR MODIFICATION OF EITHER OF THE SCHEMES

Exoil may by its counsel consent on behalf of all persons concerned to any modification or amendment of either of the Schemes which the Court may think fit to impose.

19. OTHER AGREEMENTS OR ARRANGEMENTS

Save as set out herein, there is no other agreement or arrangement made between any Director and any other person in connection with or conditional upon the outcome of either of the Schemes.

20. CONTINUATION OF PRESENT BUSINESS

It is recorded that Exoil and its directors:

- (a) intend, to the extent to which it is reasonably possible in all the circumstances, that Exoil will continue to carry on its business in the same manner as it presently carries on that business by retaining control of its present assets other than the interest in WA-359-P being farmed out to Moby under the Moby Farmin Agreement, and by continuing to explore the Permits held by it, either in conjunction with existing joint venturers where they exist or, in other cases, by carrying out work on its own behalf, or through farmouts where this is considered appropriate. In this context Non-Associated Shareholders and Optionholders are referred to references throughout this Scheme Booklet that, subsequent to the implementation of the Schemes, Mr Albers and his Associates will fund Exoil from their own internal resources.
- (b) do not intend that Exoil will dispose of any of its fixed assets other than in the ordinary course of business. Exoil's ordinary course of business includes the farming out interests in Permits, the sale and purchase of interests in Permits and, generally the acquisition of and the disposition of interests in Permits in various ways.
- (c) do not intend that changes will be made to the future employment of the present employees of Exoil.

It is however intended that, subsequent to the Schemes being implemented, Exoil will become delisted from NSX and will be converted to a proprietary company.

21. NOTICE OF SHARE SCHEME MEETING

The Court has convened two meetings.

The first meeting convened by the Court is a meeting of the Members ("the Share Scheme Meeting") to consider and if thought fit approve the Share Scheme. The only resolution to be put to the Share Scheme Meeting is a resolution that the Share Scheme be approved. The only Members who will vote at the Share Scheme Meeting are the Non-Associated Shareholders.

That the Court has ordered the Share Scheme Meeting to be held must not be taken as an endorsement of the Share Scheme by the Court.

The Share Scheme Meeting will be held at the Institute of Chartered Accountants in Australia, Level 3, 600 Bourke Street Melbourne, Victoria on 5 May 2011 at 10.00am.

The Court has ordered that the Chairman of the Scheme Meeting be Mr G A Menzies or, in his absence, Mr J M D Willis, and has ordered the Chairman of the Share Scheme Meeting to report the result of the meeting to the Court.

Given that Mr Albers and his Associates have undertaken to abstain from voting at the Share Scheme Meeting, the only Members who will vote at the Share Scheme Meeting are the Non-Associated Shareholders.

Each Non-Associated Shareholder is entitled to attend and to vote either in person or by proxy at the Share Scheme Meeting. Under the Company's constitution each Member present in person or by proxy has one vote on a show of hands and, on a poll, has one vote for each Share held.

The resolution on the notice of meeting to agree to the Scheme must be passed by the requisite majority of Members present and voting at the meeting as required under Section 411(4) of the Corporations Act which means a majority in number of all of the Members present and voting at the meeting, either in person or by proxy, being a majority whose Shares have nominal values which amount, in the aggregate, to at least 75% of the total of the nominal values of all the Shares of the Members present and voting in person or by proxy at that meeting.

22. NOTICE OF OPTION SCHEME MEETING

The second meeting convened by the Court is a meeting of the Optionholders ("the Option Scheme Meeting") to consider and if thought fit approve the Option Scheme. The only resolution to be put to the Option Scheme Meeting is a resolution that the Option Scheme be approved. All Optionholders other than Mr Albers and his Associates are entitled to vote at the Option Scheme Meeting.

That the Court has ordered the Option Scheme Meeting to be held must not be taken as an endorsement of the Option Scheme by the Court.

The Option Scheme Meeting will be held at the Institute of Chartered Accountants in Australia, Level 3, 600 Bourke Street Melbourne, Victoria on 5 May 2011 at 10.15 am or at such time thereafter as the Share Scheme Meeting convened by Order of the Court to be held at 10.00 am at the same place shall have concluded.

The Court has ordered that the Chairman of the Option Scheme Meeting be Mr G A Menzies or, in his absence, Mr J M D Willis, and has ordered the Chairman of the Share Scheme Meeting to report the result of the meeting to the Court.

Given that Mr Albers and his Associates have undertaken to abstain from voting at the Option Scheme Meeting, each Optionholder other than each of them is entitled to attend and to vote either in person or by proxy at the Option Scheme Meeting. Each such Optionholder present in person or by proxy has one vote on a show of hands and, on a poll, has one vote for each Option held.

The resolution on the notice of meeting to agree to the Scheme must be passed by the requisite majority of Optionholders present and voting at the meeting as required under Section 411(4) of the Corporations Act which means a majority in number of all of the Optionholders present and voting at the meeting, either in person or by proxy, being a majority holding and voting not less than 75% of all of the options held by Optionholders present and voting in person or by proxy at that meeting.

23. COMING INTO EFFECT OF THE SCHEMES

The Schemes will only come into effect if:

- (a) Each of the Scheme Meetings passes the resolution to approve the Scheme being considered at that meeting by the requisite statutory majorities;
- (b) the Exoil Class Meeting and the General Meeting each pass the Capital Reduction Resolution;

- (c) the Exoil General Meeting and the Moby General Meeting each approve the Moby Farmin;
- (d) The Moby General Meeting passes the necessary resolutions to enable all Non-Associated Shareholders and all Optionholders to be issued the New Moby Shares and New Moby Options to which they will be entitled under the Schemes on the Schemes coming into effect;
- (e) The Moby General Meeting passes the necessary resolutions to enable Mr Albers and his Associates and Mr Menzies to be issued the New Moby Options to which they will be entitled under the Option Scheme on the Option Scheme coming into effect;
- (f) the Schemes are each approved by the Court;
- (g) all conditions precedent are satisfied.

24. ACTION TO BE TAKEN BY NON-ASSOCIATED SHAREHOLDERS AND OPTIONHOLDERS

This Scheme Booklet contains a notice of meeting for each of the Scheme Meetings. These are set out in Section 13 and 14 below.

Accompanying this Scheme Booklet are:

- (a) a proxy form for the Share Scheme Meeting (yellow) for completion and return by Members.
- (b) a proxy form for the Option Scheme Meeting (blue) for completion and return by Members.
- (c) a notice of meeting together with a short information statement for the Class Meeting and the General Meetings which will be held immediately after the Option Scheme Meeting.
- (d) A pink proxy form to enable you to vote at the Class Meeting. You are entitled to vote on the resolution to cancel your Shares to be put to the Class Meeting.
- (e) A white proxy form is included for you to enable you to vote at the General Meeting on the resolutions to be put to the General Meeting other than the Capital Reduction Resolution.
- (f) You are not entitled to vote on the resolution to cancel your Shares which is being put to the General Meeting. Only Moby can vote at the General Meeting on that resolution;
- (g) A return addressed envelope to return your completed proxies, for each of the Scheme Meeting, the Class Meeting and the General Meeting. This envelope is reply paid if posted in Australia.

Members should seek professional advice if they do not understand any aspect of the matters raised in this Scheme Booklet, any notice of meeting or any form of proxy.

To comply with Section 251AA of the Corporations Act, each of the proxy forms contains three columns to enable Non-Associated Shareholders and Optionholders to vote for or against any resolutions or to direct their proxyholder to abstain from voting on such resolutions. Where a Participating Shareholder or Optionholders does not direct the proxyholder to vote for or against or abstain from voting on any resolution, the proxyholder may vote at the proxyholder's discretion.

25. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors have authorised the issue of this Scheme Booklet and accept responsibility for the information contained in this document in relation to Exoil and each of the Schemes. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Scheme Booklet is in accordance with the facts and does not omit anything likely to affect the import of such information.

SECTION 3

PROFILE OF MOBY

26. MOBY OVERVIEW

26.1 General

Moby is a petroleum exploration company incorporated in Australia and listed on the ASX. As at the date of this Scheme Booklet, Moby had approximately 1,700 shareholders holding 288,177,593 Moby Shares and was capitalised at approximately \$15.5 million. It has seven (7) Moby Optionholders holding 2,700,000 Moby Unlisted Options. Of these 1,600,000 are held by Directors and officers of Moby.

26.2 Moby's goals and strategies

Moby's focus and purpose is petroleum exploration and investment in that sector. Moby seeks to acquire Permits with limited work obligations in geologically prospective areas and where any discovery made may have transformational potential and clear pathways to commercialization.

Moby's present focus is on exploration and development of its existing Permits and the acquisition of additional interests which its Board considers to have significant exploration potential.

Moby may acquire interests in Permits by original application, farmin, purchase or by acquisition of interests in other entities which carry on the business of exploration for, or development or production of, oil and gas. Where applicable, and where considered advantageous by its Board, Moby may become involved (directly or indirectly) in any downstream activities. Interests may be acquired by purchase, farmin or by acquisition of interests in corporate structures. Funding for exploration and any development activities will be sought by farmout, sale (or partial sale) of interests in Permits, by equity issues and by debt or project finance, as considered applicable from time to time.

26.3 Principal activities of Moby

(a) Business Overview

Moby's exploration focus is directed at creating value from its asset base by a combination of its own exploration efforts and in joint venture with established oil exploration and production companies.

(b) Exploration projects

The Moby Group holds working interests in nine Permits in the offshore basins of Australia. The Permits are concentrated on Bass Strait and the Greater North West Shelf offshore from Western Australia, being in regions of moderate to intense exploration activity.

Full details of these Permit interests are set out in the SRK Report which is attached to, and forms part of, the DMR Corporate Report.

(c) Contingent and Prospective Resources

Moby has no Reserves, but has Contingent Resources within WA-342-P which contains the known Cornea oil and gas accumulation detailed in the SRK Report. The SRK Report discusses and summarises the nature of Contingent Resources. You are recommended to read the SRK Report carefully and in full to more fully understand the nature of such resources.

Estimates of resources of any kind rely on the integrity, skill, and judgment of the evaluator and are affected by the geological complexity, stage of exploration or development and

amount of available data from which they are derived. Any estimate is subject to an inherent level of uncertainty.

(d) Ownership

Details of the top 20 holders of Moby Shares are set out in section 28.4 of this Scheme Booklet.

Moby is controlled by Mr Albers and his Associates who control approximately 58.94% of the issued capital of Moby.

26.4 Moby Board

Mr E Geoffrey Albers LL.B, FAICD – Chairman and Chief Executive Officer

Mr Albers is a company director with over thirty-five years' experience as a lawyer and administrator in corporate law, petroleum exploration and resource sector investment. During this period he has sponsored the formation of companies that have made the original Maari (Moki) oilfield discovery in New Zealand, the Yolla gas/condensate discovery in Bass Strait, the Evans Shoal gasfield discovery/appraisal in the Timor Sea, the SE Gobe oilfield development in Papua New Guinea and the Oyong oil/gas discovery in Indonesia. Mr Albers is Chairman of Octanex N.L. and Exoil. He is also a director and shareholder of various other companies and a member of the Petroleum Exploration Society of Australia. Mr Albers has been a Director since the Company's incorporation on 13 October 2003.

Mr Lance E Coburn B.Comm (Hons), FCPA, GAICD – Non-Executive Director

Mr Coburn was employed by BHP Group for 37 years until July 2000. Some of the more recent positions he held in BHP were: President, BHP Steel USA, Vice President Minerals Services, Group General Manager Minerals Finance, Group General Manager Steel International, Managing Director BHP New Zealand Steel and BHP Group General Manager Petroleum Finance. Earlier in his career with BHP he held treasury and finance positions and during this time he was a director of the Whyalla Credit Union. From 1987 to 1989 he was a director of a US listed company, Hamilton Oil & Gas Inc. Since leaving BHP, Mr Coburn has worked and consulted in a part-time capacity as well as held two voluntary roles – one with World Vision and the other as chairman of the Advisory Board of the Parent-Infant Research Institute at the Austin Hospital. He is currently a director of Big Sky Credit Union Ltd. Mr Coburn is a member of the Audit Committee and he has been a Director since 17 March 2004.

Mr Robert J Coppin

Mr Coppin was appointed as a Director of Moby on 2 March 2011. Until his recent retirement from the position, Mr Coppin was Chief Executive of Cue Energy Resources Limited (ASX code: CUE), a position he held for 12 years.

Mr Coppin has had a long career in the oil industry spanning 45 years, holding positions with Exxon, Santos and finally with Cue over his working life. He is well-respected in the industry and been an active member of the Australian Petroleum Production & Exploration Association Ltd ("APPEA"), being a Board member for 10 years and Chair of the APPEA Exploration Committee for 8 years.

Mr Coppin is a qualified geophysicist and will add technical expertise to the Board, as well as give Moby two independent non-executive directors in a compliment of four.

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. Mr Menzies is also a director of Octanex N.L., Exoil Limited and ASX-listed Papyrus Australia Limited. He is a member of the Audit Committee and has been a Director since the Company's incorporation on 13 October 2003.

26.5 Moby Management team

In addition to the Directors, each of the following persons are part of the Moby management team.

Mr Robert J Wright – Chief Financial Officer

B Bus, CPA

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 at BHP. He is Chief Financial Officer for several listed exploration companies and is a member of CPA Australia.

Dr Simon Sturrock – Consultant Geophysicist / Exploration Manager

B.Sc.(Hons), Ph.D

Moby's leading technical consultant is Strat Trap Pty Ltd; a successful geological interpretation consultancy based in Perth and whose principal technician 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 Moby. 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.

Mr John G (Jack) Tuohy – Company Secretary

BCA, CA

For all but two years since 1986, Mr Tuohy has acted as Company Secretary to public listed companies in New Zealand. The first half of that period he spent in the oil and gas sector, initially administering three oil and gas exploration companies in which Messrs Albers and Willis were directors and which they had originally taken to listing. He then acted for only one of them, Southern Petroleum N.L., when it became a successful production company. Following the privatisation of Southern Petroleum, Mr Tuohy acted in a forensic accounting capacity in a multi party legal action, then returning to a public company secretarial position in the motor vehicle industry where he spent 10 years.

In these positions Mr Tuohy has been involved in the various aspects of public and private company administration, especially as this relates to the oil and gas exploration sector and to public listed company activities, obligations and requirements. In 2008 he relocated to Australia and acts as Company Secretary for a number of listed and unlisted public companies: including Moby Oil & Gas Limited and Exoil Limited.

He is a director of Bass Strait Oil Company Limited and Exoil Limited. Mr Tuohy is a chartered accountant in New Zealand.

26.6 Proposed changes to Moby Board and management team

There are no changes proposed to be made to the Moby Board on completion of the Scheme.

27. FINANCIAL INFORMATION ON MOBY

The financial information below relates to Moby on a stand-alone basis and accordingly does not reflect any impact of the Scheme and proposed Scheme. It is a summary only and does not contain all the disclosures usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The financial statements for Moby for the financial year ended 30 June 2010 were audited by BDO Audit (NSW-VIC) Pty Ltd, in accordance with Australian Auditing Standards. A copy of Moby's annual Financial Statements as lodged with ASIC and ASX are available from the ASX website and from Moby's website www.moby.com.au.

Moby's audit reviewed Half Year Financial Report was released to ASX on 8 March 2011 and is available from the ASX website.

The audit opinion and review statement relating to those financial statements were unqualified.

The Consolidated Statements of Financial Position of the Moby Group set out below have been extracted from the audited consolidated financial statements of the Moby Group for the year ended 30 June 2010 and the audit reviewed consolidated financial statements of the Moby Group for the half-year ended 31 December 2010, being the most recent financial information available prior to the date of this Scheme Booklet.

STATEMENT OF FINANCIAL POSITION OF MOBY AT 30 JUNE 2010 and 31 DECEMBER 2010 Consolidated

	Audit Reviewed 31/12/2010 \$	Audited 30/06/2010 \$
CURRENT ASSETS		
Cash and cash equivalents	4,374,547	2,674,605
Trade and other receivables	<u>34,217</u>	<u>148,347</u>
TOTAL CURRENT ASSETS	<u>4,408,764</u>	<u>2,822,952</u>
NON-CURRENT ASSETS		
Exploration and evaluation assets	<u>12,126,425</u>	<u>34,312,847</u>
TOTAL NON-CURRENT ASSETS	<u>12,126,425</u>	<u>34,312,847</u>
TOTAL ASSETS	<u>16,535,189</u>	<u>37,135,799</u>
CURRENT LIABILITIES		
Trade and other payables	<u>267,307</u>	<u>5,727,465</u>
TOTAL CURRENT LIABILITIES	<u>267,307</u>	<u>5,727,465</u>
TOTAL LIABILITIES	<u>267,307</u>	<u>5,727,465</u>
NET ASSETS	<u>16,267,882</u>	<u>31,408,334</u>
EQUITY		
Issued capital	49,314,748	49,314,748
Reserves	260,848	109,378
Accumulated losses	<u>(33,307,714)</u>	<u>(18,015,792)</u>
TOTAL EQUITY	<u>16,267,882</u>	<u>31,408,334</u>

The amount of \$12,126,425 for “*Exploration and evaluation assets*” does not incorporate any valuation figures assessed by SRK and contained in the SRK Report.

Further, the reduction in Exploration and evaluation assets from \$34,312,847 to 12,126,425 primarily results from a reduction in permit interests following the sale of 5% of WA-360-P to MEO Australia Limited prior to drilling Artemis and a significant impairment loss in the current period related to permit WA-360-P. The net cash as at 31 December 2010 reflects the balance of the proceeds of sale of that 5% interest in WA-360-P after payment of outstanding liabilities at the time the funds were received.

For information, the Artemis-1 exploration well was drilled into the Artemis prospect within the WA-360-P permit during November and December 2010. The well failed to encounter hydrocarbons, was plugged and abandoned and the rig was released on 26 December 2010.

Members and Optionholders should access Moby’s half-yearly financial statements as released to ASX for further information as to Moby’s financial position.

27.1 Financial performance, Cash flows and Profitability

Moby is not currently profitable and is not expected to operate on a profitable basis due to the nature of its business.

In the financial period ended 30 June 2010 Moby made an operating loss after tax of \$10,407,410 (2009: \$3,931,402). The net loss for the half year, after income tax (which includes an impairment loss with respect to exploration assets of \$15,338,610), was \$15,645,822 (2009: \$2,204,467).

Those losses will continue to accrue for the foreseeable future.

The DMR Corporate Report sets out Moby’s financial position, financial performance and cash flow statements in clauses 10.4 to 10.6 of the DMR Corporate Report. Non-Associated Shareholders and Optionholders are referred to those clauses for more detailed information.

Further, Moby’s half-yearly report was released to ASX on 8 March 2011 and is available from the ASX website.

The audit review opinion relating to Exoil’s half-yearly report was unqualified.

28. MOBY CAPITAL AND SHARE STRUCTURE

28.1 Moby Capital Structure

At the date on which this Scheme Booklet was lodged with ASIC for registration Moby had 288,177,593 Moby Shares and 2,700,000 Moby Unlisted Options on issue. All of the Moby Shares are listed for quotation on ASX. The terms of all Moby Options are set out in clause 32.

On the above basis with each Non-Associated Shareholder being issued 1.35 New Moby Shares for each Share, the existing Moby Members will hold 288,177,593 Moby Shares and Non-Associated Shareholders will hold approximately 33,823,265 New Moby Shares, which will be issued and allotted as the Scheme Consideration.

28.2 Moby Historical share price performance

Moby shares are listed for quotation on ASX. Members should note that past share price performance is not necessarily a guide to future price movements.

The DMR Corporate Report contains details of trading in Moby Shares over recent months.

28.3 Recent dealings in Moby Shares

Shares in Moby are listed for quotation on ASX. In the 3 months immediately before the date on which this Scheme Booklet was lodged for registration by ASIC, the number of shares in the capital of Moby sold was 35,172,757 shares and insofar as known to Moby:

- (a) the highest recorded sale price for shares in the capital of Moby during the three months immediately preceding the date of which this Scheme Booklet was lodged for registration with ASIC was \$0.062 (6.2 cents) on 21 January 2011.
- (b) the lowest recorded sale price for shares in the capital of Moby during that three month period was \$0.04 (4 cents) on each of 15 and 16 March 2011.

28.4 Top 20 Shareholders in Moby

As at 3 March 2011 the top 20 shareholders in Moby were as follows:

Rank	Name	03 Mar 11	%
1	GASCORP AUSTRALIA PTY LTD	121,500,000	42.16%
2	STRATA RESOURCES PTY LTD	11,548,806	4.01%
3	GREAT AUSTRALIA CORPORATION PTY LTD	9,145,596	3.17%
4	GREAT MISSENDEN HOLDINGS PTY LTD	5,406,200	1.88%
5	MR ERNEST GEOFFREY ALBERS	4,750,000	1.65%
6	SACROSANCT PTY LTD	4,547,771	1.58%
7	ICM INVESTMENTS PTY LTD	3,933,700	1.37%
8	MR HARLEY REXHEP	2,900,000	1.01%
9	AUSTRALIS FINANCE PTY LTD	2,369,656	0.82%
10	BASS STRAIT GROUP PTY LTD	2,160,168	0.75%
11	MISS MEI CHING CHAN	2,000,000	0.69%
12	MR STEPHEN HARRY JONES	1,980,000	0.69%
13	MR ERNEST GEOFFREY ALBERS & MRS ELAINE MARGARET LARSSON	1,582,062	0.55%
14	500 CUSTODIAN PTY LTD	1,530,000	0.53%
15	NATIONAL GAS AUSTRALIA PTY LTD	1,500,000	0.52%
16	AUSTRALIS FINANCE PTY LTD	1,372,500	0.48%
17	MR DUNG PHAM	1,152,112	0.40%
18	MR LAP CHOY SUNNY SIU	1,068,800	0.37%
19	MR LANCE EDWARD COBURN & MRS JULIANA COBURN	1,053,200	0.37%
20	FW HOLST & CO PTY LTD	1,000,000	0.35%
20	E E R C AUSTRALASIA PTY LTD	1,000,000	0.35%
20	RELATIVITY PTY LTD	1,000,000	0.35%
20	MR ANGELO TROLIO	1,000,000	0.35%
20	MANDIES MEATS PTY LTD	1,000,000	0.35%
20	APPLEDORE CUSTODIANS LIMITED	1,000,000	0.35%
TOTAL		187,500,571	65.06%
Balance of Register		100,677,022	34.94%
Grand TOTAL		288,177,593	100.00%

Table 4– Top 20 Moby Shareholders

28.5 Moby Shareholder Analysis

As at 3 March 2011 an analysis of shareholdings in Moby was as follows:

Range	Shares	%	No of Holders	%
100,001 and Over	245,598,031	85.22	232	13.19
10,001 to 100,000	39,784,623	13.81	963	54.75
5,001 to 10,000	2,174,285	0.75	252	14.33
1,001 to 5,000	603,144	0.21	182	10.35
1 to 1,000	17,510	0.01	130	7.39
Total	288,177,593	100.00	1,759	100.00
Unmarketable Parcels	1,514,939	0.53	436	24.79

Table 5 –Moby Shareholder Analysis

28.6 Ranking of New Moby Shares issued as Scheme Consideration

The New Moby Shares will rank equally for all purposes with all other Moby Shares on issue as, and from the date of allotment.

28.7 Ranking of New Moby Options issued as Scheme Consideration

The New Moby Options issued as Scheme Consideration will form a new class of Options.

28.8 Proposed terms and conditions of New Moby Options to be issued under the Option Scheme

The presently proposed terms of the New Moby Options to be issued under the option Scheme are as follows: namely that,

- (a) Optionholders be entitled to subscribe for and be allotted an ordinary share on the following terms:
- (b) The option shall expire at 5:00pm (AEST) on 30 June 2013 ("Expiry Date").
- (c) 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.
- (d) The option may be transferred at any time in accordance with the Act, the Security Clearing House Business Rules and the ASX Listing Rules.
- (e) The option shall be exercisable at \$0.12 (12 cents) ("Exercise Price").
- (f) 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.
- (g) 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.
- (h) The option shall not entitle the holder to participate in new issues of ordinary shares offered to Members during the currency of the option.
- (i) In the event of any reorganisation of the capital of the Company, the options shall be treated in the manner required by the ASX Listing Rules in force as at the date of any such reorganisation, and as appropriate to the type of reorganisation proposed.

28.9 Moby's dividend payout ratio and history

Moby has not paid any dividends and does not expect to pay dividends in the foreseeable future. It is intended that the Moby Group's cash resources will be retained to meet exploration expenses or otherwise invested in strategic assets or corporate acquisitions. No dividends are expected to be paid in the foreseeable future by Moby.

29. MOBY DIRECTORS INTERESTS

29.1 Moby Directors' interests in Moby securities

As at the date of this Scheme Booklet, the directors of Moby have the following Relevant Interests in Moby Shares and Moby Options:

Director's name	Moby Shares	Moby Options	Expiry Date
E G Albers	169,850,259	400,000	8/11/2013
L Coburn	1,053,200	400,000	8/11/2013
R Coppin	0	0	N/A
G A Menzies	369,389	400,000	8/11/2013

Table 6 – Directors' interests in Moby securities

29.2 Moby Directors' interests in Exoil securities

As at the date of this Scheme Booklet, the directors of Moby have the following Relevant Interests in Moby Shares:

Director's name	Exoil Shares	Exoil Options	Expiry Date
E G Albers	73,481,816	15,697,008	30/06/2012
L E Coburn	0	0	N/A
R Coppin	0	0	N/A
G A Menzies	0	300,000	30/06/2013

Table 7 – Moby Directors' interests in Exoil securities

30. RIGHTS AND LIABILITIES ATTACHING TO MOBY SHARES

The New Moby Shares issued as the Scheme Consideration will be issued as fully paid and will rank from the date of issue equally with existing Moby Shares for dividends and all other rights.

The following summary of the rights and liabilities of Moby shareholders does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Moby shareholders, which can involve complex questions of law arising from the interaction of the Constitution and statutory, common law and Listing Rule requirements. Members should seek their own advice when trying to establish their rights and liabilities in specific circumstances.

To obtain a free copy of Moby's constitution, Members may contact Mr John Tuohy by telephone on 03 8610 4712 (or +613 8610 4712 for international callers) or contact Mr John Tuohy by email at admin@moby.com.au.

Under section 140(1) of the Corporations Act, the constitution of Moby has effect as a contract between Moby and each Moby shareholder and between a Moby shareholder, Moby and each other Moby shareholder. Accordingly, if the Scheme is implemented Non-Associated Shareholders will become liable to comply with the constitution of Moby. However, since the New Moby Shares to be issued under the Scheme to implement the Scheme will be issued as fully paid shares, no monetary liability will attach to them.

(a) Meetings of Moby Shareholders

Subject to the provisions of Moby's constitution, each Moby shareholder is entitled to receive notice of, and to attend and vote at, general meetings of Moby and to receive all

notices, accounts and other documents required to be furnished to Moby shareholders under that constitution, the Corporations Act and the Listing Rules.

A general meeting may be called by:

- (i) a resolution of the directors of Moby; or
- (ii) at the request of:
 - A. Moby shareholders holding at least 5% of the votes that may be cast at the general meeting; or
 - B. at least 100 Moby shareholders who are entitled to vote at the general meeting.

(b) Voting rights

At a general meeting of Moby, 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 each fully paid 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.

On a poll, 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.

(c) Reports and notices

Moby shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the Constitution and the Corporations Act.

(d) Dividends

The Directors may declare and authorise the distribution, from the profits of Moby, of dividends to be distributed to members according to their rights and interests.

New Moby Shares issued under the Offer will be entitled to dividends that have a record date on or after the date of issue.

(e) Variation or cancellation of class rights

The rights, privileges and restrictions attaching to a class of shares can be altered with the approval of a special 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.

If the rights attached to Moby Shares are varied or cancelled without the consent of all the members of the class, Moby Shareholders with at least 10% of the votes attaching to the Moby Shares may apply to a court of competent jurisdiction to exercise its discretion to have the variation or cancellation set aside. Note that there is no present intention for Moby to pay dividends in the foreseeable future.

(f) Transfer of Moby Shares

Subject to the Constitution, the Corporations Act, the Listing Rules or other legislation, Moby Shares are freely transferable.

Moby Shares are transferable by:

- (i) a written transfer in any usual or common form or in any other form as the directors of Moby may approve, duly stamped (if necessary) and being delivered to Moby;
- (ii) a proper transfer, which is to be in the form required or permitted by the Corporations Act; or
- (iii) a proper transfer effected in accordance with the ASTC Settlement Rules.

The directors of Moby may, subject to the requirements of the Corporations Act and the Listing Rules, refuse to register any transfer of Moby Shares in the following circumstances:

- (i) if the registration would infringe any applicable laws or the Listing Rules;
- (ii) where the transfer is not in registrable form; or
- (iii) if permitted to do so under the Listing Rules.

(g) Issue of further shares

The directors of Moby may, subject to the restrictions on the allotment of shares under the Corporations Act and the Listing Rules, issue, grant or otherwise dispose of shares in Moby on the terms and conditions and for the consideration they think fit.

Without affecting any special rights conferred on the holders of any shares, any share in Moby may be issued with preferred, deferred or other special rights, obligations or restrictions, whether in regard to dividends, voting, return of share capital, payment of calls or otherwise, as the directors of Moby may determine.

(h) Winding up

Subject to any special or preferential rights attaching to any class or classes of shares, Moby Shareholders will be entitled in a winding up to share in any surplus assets of Moby in proportion to the shares held by them respectively, less any amount which remains unpaid on their shares at the time of distribution.

(i) Partly paid shares and liability for calls

Under the Constitution and the Corporations Act, members holding partly paid shares are not liable to pay any calls made on any partly paid shares held by them. They may, in lieu of paying calls, elect to have their partly paid shares forfeited against them. At present there are no partly paid shares on issue. The terms of the Moby Options permit the Moby Options to be exercised so as to become partly paid shares. Additionally Moby proposes to make a rights issue offering partly paid shares for subscription.

(j) Increases in capital

The allotment and issue of shares is under the control of the Directors. Subject to restrictions on the allotment of shares to Directors and their Associates contained in the Constitution and the Corporations Act, the Directors may allot or otherwise dispose of Moby Shares on such terms and conditions as they see fit.

(k) Directors

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

(l) Number of directors

The Constitution provides that Moby must have between three and 12 directors.

(m) **Officers' indemnity**

To the full extent permitted by law, Moby indemnifies each officer of Moby (including former officers) against all losses or liabilities incurred by the person as an officer of Moby or of a related body corporate.

(n) **Amending the Constitution**

The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution by at least 75% of the votes cast by members entitled to vote on the resolution. The Constitution does not provide for any further requirements to be complied with to effect a modification of, or to repeal, it.

31. MOBY SHARE PLANS

Moby proposes to adopt an Employees and Executives Share and Option Plan at the Moby General Meeting which is proposed to be held to approve the issue of the Scheme Consideration and the Moby Farmin. Details of that plan are available from the Moby website which can be accessed through Moby's announcements to ASX under the ASX Code: MOG.

32. MOBY OPTIONS

32.1 Unlisted Options

The terms and conditions of the Moby Unlisted Options are as set out below. The Moby Unlisted Options are held only by Directors, Executives and employees of Moby. Optionholders will be entitled to subscribe for and be allotted an ordinary share in Moby on the following terms:

- (a) All options shall expire at 5.00pm on 8 November 2013 ("Expiry Date").
- (b) Each option shall entitle each relevant Moby Optionholder to subscribe for one ordinary share in the capital of Moby. A share issued on the exercise of an option will be a fully paid ordinary share in Moby and will rank equally in all respects with issued ordinary fully paid shares in the capital of Moby from the date of issue and will be subject to the provisions of the Constitution.
- (c) Options may be transferred at any time in accordance with the Corporations Act, the ASTC Settlement Rules and the Listing Rules.
- (d) Options shall be exercisable at \$0.25 ("Exercise Price").
- (e) 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
- (f) Moby Optionholders have no right to a change in the Exercise Price or to any change to the number of underlying securities over which their Options can be exercised.
- (g) Options shall not entitle the holder to participate in new issues of ordinary shares offered to Moby Shareholders during the currency of the Options.
- (h) In the event of any reorganisation of the capital of Moby, the Options shall be treated in the manner required by the Listing Rules in force as at the date of any such reorganisation, and as appropriate to the type of reorganisation proposed.

There are 2,700,000 Moby Unlisted Options as follows: which are held by the following persons.

Holder	No of Unlisted Moby Options held	Position
E.G Albers	100,000	Chairman
L E Coburn	400,000	Non-Executive Director
G A Menzies	400,000	Non-Executive Director
J G Tuohy	400,000	Company Secretary
R J Wright	400,000	Chief Financial Officer
J MD Willis	400,000	Consultant
F M Perugini	300,000	N/A
B Maltz	300,000	N/A

Table 8 – Moby Unlisted Options

33. MATERIAL AGREEMENTS AND ADDITIONAL INFORMATION ON MOBY

Set out in this section are details of material agreements and additional information relating to Moby. Moby 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 Moby are summarised below.

(a) Permits - General Terms

Details of Permit terms are set out in the SRK Report where fuller details of the minimum work commitments and estimated expenditures in relation thereto are summarised.

(b) Operating agreements: General Terms

Moby has entered into six 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. These JOA’s govern Operations in the Permits in which it does not hold a 100% interest.

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. Further details of Moby’s interests in each of its Permits and each the JOAs are set out in the SRK Report.

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 66% affirmative vote by at least two joint venture participants (not being affiliates of one another) is required to pass a resolution. If there are four or more joint venturers, a 70% affirmation vote is

required from at least two non-affiliated participants. Some of the more important decisions require unanimity.

The operating committee considers exploration work programs and budgets 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

A joint venturer that fails to pay when due its share of joint venture expenditure is a defaulting party. A defaulting party is not entitled to attend operating committee meetings or to vote. The sum of money in default is allocated to and paid by the non-defaulting parties pro rata to their participating interests. Reasonable opportunity to cure a default is given to a defaulting party.

For a specified period following a notice of default which has not been cured, the JOA states that each non-defaulting party shall have the option to give notice to the defaulting party to transfer its entire interest to the non-defaulting parties.

More specifically, clause 8.4.4 of each JOA provides:

"If a Defaulting Party fails to remedy its default by the 30th Day following the date of the Default Notice, then, without prejudice to any other rights available to the non-defaulting Parties to recover amounts owing to them under this Agreement, each non-defaulting Party shall have the option, exercisable at anytime thereafter until the Defaulting Party has completely cured its defaults, to require that the Defaulting Party completely withdraw from this Agreement and the Title. Such option shall be exercised by notice to the Defaulting Party and each non-defaulting Party. If such option is exercised, the Defaulting Party shall be deemed to have transferred, pursuant to Article 13.6, effective on the date of the non-defaulting Party's notice, all of its right, title and beneficial interest in and under this Agreement and the Title free and clear of any liens, charges and encumbrances to the non-defaulting Parties. . . ."

and continues:

"The acceptance by a non-defaulting Party of any portion of a Defaulting Party's Participating Interest shall not limit any rights or remedies that the non-defaulting Party has to recover all amounts (including interest) owing under this Agreement by the Defaulting Party."

The effect of this clause is that a defaulting party which does not remedy its default can be disposed of any permit interest in respect of which it is in default and the defaulting party remains liable to pay the debt in respect of which the default arose.

Assignments

A joint venturer may assign all or part of its Participating Interest under a JOA 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 Participating 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 Participating 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 Participating Interest.

(c) WA-409-P Apache Farmin Agreement

Moby has entered into the WA-409-P Apache Farmin which is on identical terms to the Apache Farmin Agreement referred to in clause 40.4 in Section 4 below.

(d) Moby Farmin Agreement

This farmin agreement is described in detail in clause 40.6 in Section 4. A copy of the Moby Farmin Agreement will be tabled at each of the Scheme Meetings and at the General Meeting.

34. DISCLOSURE NOTICES LODGED BY MOBY

Moby is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations imposed by the Listing Rules and the Corporations Act. In particular, Moby is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or value of Moby Shares, subject to certain limited exceptions. Copies of announcements made by Moby to the ASX are available from the ASX website www.asx.com.au.

Copies of documents lodged with ASIC by or in relation to Moby may be obtained from, or inspected at, any office of ASIC.

At Exoil's request, Moby has agreed that it will, prior to the date of the Scheme Meeting, provide a copy of any or all of the following documents free of charge to any Member who requests such documents prior to the date of the Scheme Meeting:

- (a) the Moby constitution;
- (b) the Annual Report for Moby for the year ended 30 June 2010;
- (c) any Quarterly Report or Half Yearly Report of Moby lodged with ASX and ASIC after lodgement of the financial statements referred to in (b) above and before lodgement of this Scheme Booklet was lodged with ASIC for registration as the explanatory statement; and

- (d) any continuous disclosure notice given by Moby to ASX and ASIC after lodgement of the financial statements referred to in (c) above and before lodgement for registration of this Scheme Booklet with ASIC for registration as the explanatory statement. The following is a list of such disclosure notices:

<u>Date</u>	<u>Headline</u>
08/03/2011	Half Year Financial Report - 31 December 2010
07/03/2011	Proposed Farmin to WA-359-P and Associated Proposals
02/03/2011	Appointment of Director
31/01/2011	Quarterly Activities and Cashflow Report
29/12/2010	MEO: Songa Venus drilling rig released
22/12/2010	MEO: Artemis-1 Progress Report No. 8
17/12/2010	Share Trading Policy
13/12/2010	MEO: Artemis-1 Progress Report
08/12/2010	MEO: Artemis-1 Progress Report No. 6
06/12/2010	CUE: Artemis-1 Update
06/12/2010	MEO: Artemis-1 Progress Report No. 5
03/12/2010	Carnarvon Basin Campaigns - Progress Report
01/12/2010	MEO: Artemis-1 progress report No. 4
26/11/2010	Appendix 3B
26/11/2010	Quotation of Shares on Release from Escrow
24/11/2010	MEO: Artemis-1 progress report No. 3
17/11/2010	MEO: Artemis-1 progress report No. 2
16/11/2010	Appendix 3Y
15/11/2010	Appendix 3B
15/11/2010	2010 Annual General Meeting - Outcome of Resolutions
15/11/2010	MEO: Artemis-1 progress report 1
10/11/2010	MEO: Songa Venus handover timing update
04/11/2010	MEO: Songa Venus handover timing update
26/10/2010	Quarterly Activity Report to 30 September 2010
25/10/2010	MEO: MEO receives regulatory approval to drill Artemis-1
22/10/2010	MEO: MEO completes acquisition of 5% interest in WA-360-P
22/10/2010	Settlement of the sale of a 5% interest in WA-360-P
21/10/2010	WA-409-P - Farmout Signed
21/10/2010	CUE: Apache Farms into WA-359-P and WA-409-P
14/10/2010	Annual Report 2010
14/10/2010	Proxy Form
14/10/2010	Notice of 2010 Annual General Meeting
22/09/2010	Annual Financial Report - 30 June 2010

Table 9—Moby announcements to ASX subsequent to lodgement of the 2010 Financial Statements with ASIC

35. CORPORATE GOVERNANCE

The Moby Board seeks to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles for Good Corporate Governance and Best Practice Recommendations. Details on Moby's corporate governance procedures, policies and practices can be obtained from its website which can be accessed through ASX under Moby's ASX Code: MOG.

SECTION 4

EXOIL – OVERVIEW

36. EXOIL – OVERVIEW

36.1 General

Exoil is listed on NSX. As at the date of this Scheme Booklet Exoil has 81,550,523 shares on issue which are held by 170 shareholders. Exoil has 24,620,208 Listed Options on issue which are held by 115 Optionholders and which were originally each exercisable at 12 cents with an expiry date of 30 June 2012 together with 5,500,000 unlisted Options each originally exercisable at 20 cents with an expiry date of 30 June 2011 and which are held by 8 holders. The terms of these Options were all sought to be modified so they were all exercisable at \$0.12 (12 cents) up to 30 June 2013. There is uncertainty as to whether the modification of the terms of the Options was effective. The valuations contained in this Scheme Booklet assume the Option terms are as purported to be modified. Whether or not this is so is substantially irrelevant considering that all Optionholders will receive New Moby Options exercisable on the same terms: namely at \$0.12 (12 cents) up to 30 June 2013. Optionholders are referred to clause 1.16 and clause 2.3 above.

36.2 Present exploration activities

Exoil has a portfolio of Permit interests which are detailed in the SRK Report.

36.3 Future activities

If the Scheme does not proceed, Exoil intends that, subject to availability of funding, it will continue to explore and seek to develop the Permit interests held by it at present.

36.4 Ownership

Details of the top 20 holders of Exoil Shares are set out in clause 37.4 below.

36.5 Exoil Board

JMD 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 more than 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 the role of Managing Director of the Albers Group. Mr Willis was a director of 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 NL. Director since 8 September 2004.

EG Albers LL.B, FAICD
Non-Executive Director

Mr Albers details are known to all Members and Optionholders. Brief details thereof are set out in clause 26.4 above.

Mr Graeme A Menzies LL.B
Independent Non-Executive Director

Mr Menzies details are known to all Members and Optionholders. Brief details thereof are set out in clause 26.4 above.

36.6 **Exoil Management team**

In addition to the Directors, each of the following persons is part of the Exoil management team.

Mr John G Tuohy – Company Secretary
B Bus, CPA

For Mr Tuohy's details see clause 26.5 above.

Mr Robert J Wright –Chief Financial Officer
B Bus, CPA

For Mr Wright's details see clause 26.5 above.

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

For Dr Sturrock's details, also see clause 26.5 above.

36.7 **Exoil's goals and strategies**

Exoil's focus and purpose is petroleum exploration and investment in companies operating in the resource sector with particular reference to petroleum exploration and development.

Insofar as exploration activities are concerned, Exoil seeks to acquire permits with limited work obligations in geologically prospective areas where any discoveries may have transformational potential and clear pathways to commercialization.

Exoil's present focus is on exploration of its existing Permits and the acquisition of additional interests which the Board considers to have significant exploration potential.

Exoil may acquire interests in Permits by original application, farmin, purchase or by acquisition of interests in other entities which carry on the business of exploration for or development or production of, oil and gas.

Where applicable, and where considered advantageous by its Board, Exoil may become involved (directly or indirectly) in any downstream activities. Interests may be acquired by purchase, farmin or by acquisition of interests in corporate structures.

Funding for exploration and any development activities will be sought by farmout, sale (or partial sale) of interests in Permits, by equity issues and by debt or project finance, as considered applicable from time to time.

36.8 **Principal activities of Exoil**

Business Overview

The Exoil Group's exploration focus is directed at creating value from its asset base by a combination of its own exploration efforts and in joint venture with established exploration companies.

Exploration projects

A full description of those Permits is set out in the SRK Report.

Resources and Reserves

Other than a pro rata share of the Contingent Resources within the Cornea oil and gas accumulation referred to in relation to WA-342-P, Exoil has no known Reserves or Resources.

Work programs and estimated funding requirements for Exoil

The work programs relating to the Permits in which Exoil has Participating Interests and estimates of associated funding for those Permit interests are set out the SRK Report.

37. FINANCIAL INFORMATION ON EXOIL

37.1 Basis of presentation of historical financial information

The financial information below is a summary only and does not contain all the disclosures usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The financial statements for Exoil for the year ended 30 June 2010 were audited by PKF, in accordance with Australian Auditing Standards. A copy of Exoil's Annual Financial Report, incorporating the financial statements for the year ended 30 June 2010, as lodged with ASIC are available from the ASIC website and from Exoil's website www.exoil.net

The audit opinion relating to those financial statements was unqualified however the auditors included an "Emphasis of Matter" statement in relation to material uncertainty regarding continuation as a going concern as follows:

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

Without qualifying our report, we draw attention to Note 1(c) in the financial report which indicates that for the year ended 30 June 2010 the consolidated entity had a loss after tax of \$3,107,076 (2009: \$1,316,688), and negative cash flows from operating activities of \$2,759,676 (2009: 4420,554). In addition the consolidated entity had net current liabilities of \$1,485,614. These conditions, along with other matters as set forth in Note 1(c), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern, and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report has been prepared 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 consolidated entity not continue as a going concern.

Note 1(c) referred to above is as follows:

For the year ended 30 June 2010 consolidated entity incurred a loss after tax of \$3,702,773. The consolidated entity had a negative cashflow from operating activities of \$2,759,675. Furthermore, the consolidated entity's only regular source of income is charge-outs for office expenditure to director-related entities. It is 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 the consolidated entity to continue as going concern is dependent upon a number of factors, one being the continuation and availability of funds. At balance date consolidated entity has negative working capital of \$1,485,614. The consolidated entity is expecting to fund ongoing obligations beyond this working capital position as follows:

- 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.

-The consolidated entity has limited financial resources and will need to raise additional capital from time to time. Any such fund raisings will be subject to factors beyond the control of the consolidated entity and its directors. When Exoil requires further funding for its programs, then it is the consolidated entity's intention that the additional funds would be raised in a manner deemed most expedient by the Board of directors at the time, taking into account working capital,

exploration results, budgets, share market conditions, capital raising opportunities and the interest of industry in co-participation in the consolidated entity's programs. It is the consolidated entity's plan that this capital will be raised by any one or a combination of the following: placement of shares to excluded offerees, pro-rata issue to shareholders, the exercise of outstanding options, and/or a further issue of shares to the public.

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 obligations by either partial sale of the consolidated entity's interests or farmout, the latter course of action being part of the consolidated entity's overall strategy.

Cash flow forecasts prepared by management demonstrate that the consolidated entity has 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 consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

Should the consolidated entity be unable to continue as going concern, it may be required to realise its assets and extinguish its 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 consolidated entity not continue as going concerns.

The above matters should be read carefully when considering how to vote at each of the Scheme Meetings and at the General Meeting and the Class Meeting.

Put succinctly, the issues raised are significant and, unless Exoil raises funds by sale of Permit interests or by a new equity issue, it may not be able to continue as a going concern.

If the Schemes are implemented Mr Albers and his Associates can resolve the issues surrounding Exoil's financial status in an appropriate manner.

If the Schemes are not implemented, the only realistic way to solve Exoil's financial needs will be by sale of Permit Interests which would include part or all of each of WA-359-P and WA-342-P as previously referred to in this Scheme Booklet.

Against the above background the Directors advise that the audited Consolidated Statement of Financial Position of the consolidated Exoil Group as set out below has been extracted from the consolidated audited financial statements of the Exoil Group for the year ended 30 June 2010 and from the audit reviewed Half-Yearly Consolidated Statement of Financial Position of the Exoil Group for the half-year ended 31 December 2010 as lodged by Exoil with NSX.

**EXOIL LIMITED: CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	CONSOLIDATED	
	audit Reviewed 31/12/2010	Audited 30/06/2010
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	133,341	647,612
Trade and other receivables	<u>91,552</u>	<u>169,017</u>
TOTAL CURRENT ASSETS	<u>224,893</u>	<u>816,629</u>
NON-CURRENT ASSETS		
Exploration and evaluation assets	3,958,904	3,875,035
Property, plant and equipment	51,824	56,190
Other financial assets	<u>-</u>	<u>70</u>
TOTAL NON-CURRENT ASSETS	<u>4,010,728</u>	<u>3,931,295</u>
TOTAL ASSETS	<u>4,235,621</u>	<u>4,747,924</u>

CURRENT LIABILITIES		
Trade and other payables	<u>1,892,957</u>	<u>2,302,243</u>
TOTAL CURRENT LIABILITIES	<u>1,892,957</u>	<u>2,302,243</u>
TOTAL LIABILITIES	<u>1,892,957</u>	<u>2,302,243</u>
NET ASSETS	<u>2,342,664</u>	<u>2,445,681</u>
EQUITY		
Contributed equity	5,821,228	5,821,228
Reserves	84,719	84,719
Accumulated Losses	<u>(3,563,283)</u>	<u>(3,460,266)</u>
TOTAL EQUITY	<u>2,342,664</u>	<u>2,445,681</u>

The amount of \$3,958,904 for "Exploration and evaluation assets" does not incorporate any valuation figures assessed by SRK and contained in the SRK Report.

Members and Optionholders should access Exoil's half-yearly financial statements as released to NSX for further information as to Exoil's financial position.

37.2 Balance Sheet Changes

The provisions of the Corporations Act specifically require that Members be advised of material changes since the date of the last balance sheet despatched to members in accordance with the Corporations Act. The financial statements of Exoil as at 30 June 2010 were despatched to the members of Exoil in November 2010.

Members are advised that the financial position of Exoil have not changed materially from that shown in the 30 June 2010 balance sheet. For information the changes that have occurred are shown, by comparison of the audited balance sheet of Exoil as prepared on a consolidated basis as at 30 June 2010 and the audit reviewed balance sheet of Exoil as prepared on the same basis as at 31 December 2010, to be as follows:

- (a) Current assets have changed from \$816,629 as at 30 June 2010 to \$224,893 as at 31 December 2010.
- (b) Non-current assets have changed from \$3,931,295 as at 30 June 2010 to \$4,010,728 as at 31 December 2010.
- (c) Total assets have changed from \$4,747,924 as at 30 June 2010 to \$4,235,621 as at 31 December 2010.
- (d) Current liabilities and Total Liabilities have each changed from \$2,302,243 as at 30 June 2010 to \$1,892,957 as at 31 December 2010.
- (e) Net assets and total shareholders' funds have changed from \$2,445,681 as at 30 June 2010 to \$2,342,664 as at 31 December 2010.

37.3 Financial performance, Cash flows and Profitability

Exoil is not currently profitable and is not expected to operate on a profitable basis due to the nature of its business.

In the financial period ended 30 June 2010 Exoil made an operating loss after tax of \$3,107,076. The operating loss after tax for the six months ended 31 December 2010 was \$103,017.

Those losses will continue to accrue for the foreseeable future.

The DMR Corporate Report sets out Exoil's financial position, financial performance and cash flow statements in clauses 7.4 to 7.6 of the DMR Corporate Report. Non-Associated Shareholders and Optionholders are referred to those clauses for more detailed information.

Further, Exoil's half-yearly report was released to NSX on 11 March 2011 and is available from the NSX website.

The audit review opinion relating to Exoil's half-yearly report was unqualified, however the auditors included an "Emphasis of Matter" statement in relation to material uncertainty regarding continuation as a going concern as follows:

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

Without qualifying our conclusion, we draw attention to Note 1(d) "Going Concern" in the financial report which indicates that for the half year ended 31 December 2010 the consolidated entity incurred a loss after tax of \$103,017(2009: profit of \$1,486,176) and had negative cash flows from operating activities of \$75,370 (2009: cash inflows of \$2,803,795) and negative cash flows from investing activities of \$438,901(2009: cash outflows of \$3,399,218). In addition, as at 31 December 2010 the consolidated entity had net current liabilities of \$1,668,046(2009:\$ 1,485,614). These conditions, along with other matters set out in Note 1(d), give rise to a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

(a) Dividend History

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

(b) Exoil Capital Structure

As at the date of this Scheme Booklet Exoil has 81,550,523 shares on issue which are held by 170 shareholders. Exoil has 24,620,208 Listed Options on issue which are held by 115 Optionholders together with 5,500,000 unlisted Options which are held by 8 holders. As to terms of exercise see clause 1.16 and clause 36.1 above.

(c) Exoil Historical share price performance

The Shares and Options are listed on NSX.

Within the knowledge of the Directors, no Shares were sold in the three months immediately before the date on which this explanatory statement was lodged for registration with ASIC. Within the knowledge of the Directors the only sale of Shares since admission of Exoil to the Official List of NSX has been the sale of 100,000 Shares on 25 January 2010 at a sale price of \$0.03 (3 cents) per Share.

Within the knowledge of the Directors, no Options were sold in the three months immediately before the date on which this explanatory statement was lodged for registration with ASIC. Within the knowledge of the No Options have been sold since their issue under the OIS issued by Exoil dated 9 November 2009.

37.4 Top 20 Shareholders in Exoil

As at 3 March 2011, the top 20 shareholders in Exoil are as follows:

Rank	Name	03 Mar 11	%IC
1	GREAT AUSTRALIA CORPORATION PTY LTD	31,864,834	39.07%
2	FAITH HOPE & CHARITY PTY LTD	5,500,000	6.74%
3	GREAT MISSENDEN HOLDINGS PTY LTD	4,167,000	5.11%
4	BATAVIA OIL & GAS PTY LTD	3,320,000	4.07%
5	NATIONAL OIL & GAS PTY LTD	3,300,000	4.05%
6	BASS STRAIT GROUP PTY LTD	2,833,334	3.47%
7	AURALANDIA NL	2,500,000	3.07%

7	PEPPERCORN HILL PTY LTD	2,500,000	3.07%
7	GASCORP AUSTRALIA PTY LTD	2,500,000	3.07%
8	MARK ANTHONY MUZZIN	1,556,250	1.91%
9	ERNEST GEOFFREY ALBERS	1,506,400	1.85%
10	EERC AUSTRALASIA PTY LTD	1,441,667	1.77%
11	APPLEDORE CUSTODIANS LIMITED	1,406,250	1.72%
12	ULTRAGAS RESOURCES PTY LTD	1,019,436	1.25%
13	TRANS PACIFIC PETROLEUM N L	1,000,000	1.23%
13	CAPRICORN MINING PTY LTD	1,000,000	1.23%
14	GD CROW & CE CROW	993,750	1.22%
15	KEFU UNDERWRITERS PTY LTD	625,000	0.77%
16	ERNEST GEOFFREY ALBERS & PAMELA JOY ALBERS	603,664	0.74%
17	RELATIVITY PTY LTD	600,000	0.74%
18	MR ERNEST GEOFFREY ALBERS & MRS ELAINE MARGARET LARSSON	500,000	0.61%
19	ALBERS CUSTODIAN COMPANY PTY LTD	400,000	0.49%
19	GREAT MISSENDEN HOLDINGS P/L	400,000	0.49%
19	CARTRON PTY LTD	400,000	0.49%
20	FOCUS ON AUSTRALIA PTY LTD ACN 075 618 496	334,013	0.41%
TOTAL		72,271,598	88.62%
Balance of Register		9,278,925	11.38%
Grand TOTAL		81,550,523	100.00%

Table 10 – Top 20 Exoil Shareholders

37.5 Exoil Shareholding Analysis

As at 3 March 2011, an analysis of shareholdings in Exoil was as follows:

Shareholder Analysis		03 Mar 11		
Range	Shares	%	No of Holders	%
100,001 and Over	77,079,931	94.52	50	30.67
10,001 to 100,000	4,453,000	5.46	109	66.87
5,001 to 10,000	16,000	0.02	2	1.23
1,001 to 5,000	1,584	0.00	1	0.61
1 to 1,000	8	0.00	1	0.61
Total	81,550,523	100.00	163	100.00
Unmarketable Parcels	17,592	0.02	4	2.45

Table 11 – Exoil Shareholding Analysis

37.6 Top 20 Optionholders in Exoil

As at 3 March 2011, the top 20 Optionholders in Exoil are set out in the table below. This includes all Optionholders who have equal holdings:

Rank	Name	03 Mar 11	%IC
1	FAITH HOPE & CHARITY PTY LTD	4,400,000	17.87%
2	BATAVIA OIL & GAS PTY LTD	2,400,000	9.75%
3	AURALANDIA NL	2,000,000	8.12%
3	GREAT MISSENDEN HOLDINGS PTY LTD	2,000,000	8.12%
3	GASCORP AUSTRALIA PTY LTD	2,000,000	8.12%
3	NATIONAL OIL & GAS PTY LTD	2,000,000	8.12%
4	BASS STRAIT GROUP PTY LTD	1,600,000	6.50%
5	ERNEST GEOFFREY ALBERS	1,200,000	4.87%
6	ULTRAGAS RESOURCES PTY LTD	855,549	3.47%
7	CAPRICORN MINING PTY LTD	800,000	3.25%
8	MR ERNEST GEOFFREY ALBERS & MRS ELAINE MARGARET LARSSON	400,000	1.62%
9	ALBERS CUSTODIAN COMPANY PTY LTD	320,000	1.30%
9	RELATIVITY PTY LTD	320,000	1.30%
10	MR DAVID ROYCE GREGORY	240,000	0.97%

11	UPSTREAM CONSULTING PTY LTD	200,000	0.81%
11	MR MICHAEL TODD SCOTT & MRS JODIE SUSAN SCOTT	200,000	0.81%
12	TROMSO PTY LTD	160,000	0.65%
12	RELATIVITY PTY LTD	160,000	0.65%
12	CARTRON PTY LTD	160,000	0.65%
12	MR LINDSAY ERIC MOTT	160,000	0.65%
13	PURBECK PTY LTD	120,000	0.49%
13	WELKIN PTY LTD	120,000	0.49%
14	MR JOHN CANT	96,000	0.39%
15	MISS FIONA KENSETT SMITH	80,000	0.32%
15	MAXINE DEHAVILLAND	80,000	0.32%
15	CRASSY PTY LTD ACN	80,000	0.32%
15	MR ALASTAIR JAMES RANKIN & MRS BARBARA MARY RANKIN	80,000	0.32%
15	TECHNICA PTY LTD	80,000	0.32%
15	SMALL BUSINESS COMPUTING P/L	80,000	0.32%
15	MR ISAAC COHEN & MRS ESTELLE MARY COHEN & MR DAVID PETER COHEN	80,000	0.32%
16	WILSTERMERE CORP PTY LTD	79,994	0.32%
17	MR VINCE RUSSO	52,000	0.21%
18	NATIONAL NOMINEES LIMITED	48,000	0.19%
18	MR ROSS HORWOOD	48,000	0.19%
18	MR TERRY KOURTIS	48,000	0.19%
19	ERNEST GEOFFREY ALBERS & PAMELA JOY ALBERS	41,465	0.17%
20	EXPANZ AGENCIES LIMITED	40,000	0.16%
20	MR STEPHEN SMITH	40,000	0.16%
20	MURRAY HUGHES	40,000	0.16%
20	MR PETER GEE	40,000	0.16%
20	MR DONALD CHARLES HULLS & MRS JULIE REHA HULLS	40,000	0.16%
20	MR ALASTAIR DAVID MCLAY	40,000	0.16%
20	MR BERNARD RICHMOND YOUNG	40,000	0.16%
20	WEST SIDE SALES PTY LTD	40,000	0.16%
20	MR RONALD VICTOR LEVITT & MR JAMES ARTHUR BENNETT	40,000	0.16%
20	LANCE EDWARD COBURN	40,000	0.16%
20	MR JULIAN DOMINIC BLEDDYN & MRS NICOLA ELIZABETH BLEDDYN	40,000	0.16%
20	CRESSY STREET PTY LTD	40,000	0.16%
20	LYRIC-PASAN PTY LTD	40,000	0.16%
20	THIRTYSIXTH SWARD PTY LTD	40,000	0.16%
20	BELNINA PTY LTD	40,000	0.16%
20	DECK NOMINEES PTY LTD	40,000	0.16%
20	CAPITA ENTERPRISES PTY LTD	40,000	0.16%
TOTAL		23,469,008	95.32%
Balance of Register		1,151,200	4.68%
Grand TOTAL		24,620,208	100.00%

Table 11: Top 20 Exoil Shareholders

37.7 Exoil Shareholding Analysis

As at 3 March 2011, an analysis of shareholdings in Exoil was as follows:

Optionholding Analysis		03Mar 11		
Range	Securities	%	No of Holders	%
100,001 and Over	21,815,549	88.61	22	19.30
10,001 to 100,000	2,791,859	11.34	90	78.95
5,001 to 10,000	8,000	0.03	1	0.88
1,001 to 5,000	4,800	0.02	1	0.88
1 to 1,000	0	0.00	0	0.00
Total	24,620,208	100.00	114	100.00
Unmarketable Parcels	0	0.00	0	0.00

Table 12– Exoil Optionholding Analysis

38. DISCLOSURE NOTICES LODGED BY EXOIL

Exoil is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations imposed by the NSX Listing Rules and the Corporations Act. In particular, Exoil is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or value of Exoil Shares, subject to certain limited exceptions. Copies of announcements made by Exoil to the NSX are available from the NSX website.

Copies of documents lodged with ASIC by or in relation to Moby Exoil be obtained from, or inspected at, any office of ASIC.

The following is a list of such disclosure notices:

DATE	HEADLINE
11-Mar-2011	New issue announcement, application for quotation of additional securities and agreement
11-Mar-2011	Half Year Financial Report & Directors' Report - 31 December 2010
7-Mar-2011	Proposed Farm out of WA-359-P and Scheme of Re-organisation
18-Feb-2011	Modifications of Terms of All Options
31-Jan-2011	Quarterly Report
18-Jan-2011	Change of Director's Interest Notice
12-Jan-2011	Application for quotation of additional securities
3-Dec-2010	Carnarvon Basin Campaign - Progress Report
25-Nov-2010	2010 AGM - Outcome of Resolutions
28-Oct-2010	Proxy Form
28-Oct-2010	Notice of 2010 Annual General Meeting
28-Oct-2010	<u>40510 NSX Annual Report</u> Annual Report 2010

Table 13—Exoil announcements to NSX subsequent to lodgement of the 2010 Financial Statements with ASIC

39. INTERESTS OF EXOIL DIRECTORS

39.1 Exoil Directors' interests in Moby securities

As at the date of this Scheme Booklet, the directors of Exoil have the following Relevant Interests in Moby Shares and Moby Options.

Director's name	Moby Shares held	Moby Options held	Exercise Date
E G Albers	169,850,259	100,000	10/11/2013
J MD Willis	1,000,000	400,000	10/11/2013
G A Menzies	369,389	400,000	10/11/2013

Table 14 – Exoil Directors' interests in Moby securities

39.2 Exoil Directors' interests in Exoil securities

As at the date of this Scheme Booklet, the directors of Exoil have the following Relevant Interests in Shares.

Director's name	Exoil Shares held	Exoil Options held
E G Albers	56,496,252	15,967,008
J M D Willis	1,406,250	500,000
G A Menzies	0	300,000

Table 15– Exoil Directors' interests in Exoil securities

39.3 Transactions with Related Parties

Companies in which a 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.

39.4 Interests Of Exoil Directors In Contracts Entered Into By Exoil

Save as set out herein, or as previously disclosed in the published financial statements of Exoil from time to time, no present Exoil Director has received or become entitled to receive a benefit by reason of a contract made by Exoil or a controlled entity of Exoil with that Exoil Director or with a firm of which that Exoil Director is a member, or with a company in which that Exoil Director has a substantial financial interest.

Details of payments made during the financial year ended 30 June 2010 are set out above.

During the period from 1 July 2010 to the date of this Scheme Booklet, services were provided under normal commercial terms and conditions by entities related to Exoil Directors as set out below. Those services will continue to be provided upon like terms.

39.5 Interests of Exoil Directors in contracts entered into with Moby

No present Exoil Director has received or become entitled to receive a benefit by reason of a contract made with Moby by:

- (a) that Director or any Associate of that Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest;
- (b) Exoil or a controlled entity of Exoil with the Director;

save and except as specified herein or as previously disclosed to Non-Associated Shareholders.

39.6 Payment or benefits to Directors, Secretaries and Executive Officers

It is not proposed that any payment or other benefit will be made or given to any Director, secretary or executive officer of Exoil or of any controlled entity of or subsidiary of Exoil as compensation for loss of, or as consideration for or in connection with, his retirement from office in any of the entities referred to in this clause.

40. ADDITIONAL MATTERS FOR CONSIDERATION

40.1 Current litigation involving Exoil

Exoil is not currently involved in any litigation.

40.2 Material agreements and additional information on Exoil

Set out in this section are details of material agreements and additional information relating to Exoil.

Exoil 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 Exoil are summarised below.

40.3 Permits and Operating Agreements: General Terms

Although details of work programs are specific to each Permit, the general terms of the Permits are generally the same as those held by Moby and detailed in clause 33 above.

Exoil 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. Again, the terms of these JOA's are the same as those which apply to Moby's JOA's and detailed in clause 33 above. In particular Members and Optionholders are referred to the consequences of default set out in that summary.

40.4 The Apache Farmin Agreement

The terms of this agreement are sufficiently set out in Mr Willis' covering letter, to which all Members and Optionholders are referred.

40.5 The WA-409-P Apache Farmin

The WA-409-P Apache Farmin is a farmin agreement entered into in relation to WA-409-P between the Company, Cue Energy Resources Limited (ABN 45 066 383 971), Cue Petroleum Pty Ltd (ACN 004 431 850), Rankin Trend Pty Ltd (ABN 73 135 761 321) and Apache Northwest Pty Ltd (ABN 58 009 140 854). The terms of this Agreement are identical to the terms of the Apache Farmin Agreement save that it relates primarily to WA-409-P.

40.6 The Moby Farmin Agreement

This is an Agreement pursuant to which Exoil has farmed out its interest in WA-359-P to Moby subject to the terms of the Apache Farmin Agreement.

Under the Agreement the parties acknowledge that Exoil's interest in WA-359-P will reduce to either a 15% Participating Interest, a 20% Participating Interest (depending on various matters and elections) or a 30% Participating Interest. The Participating Interest retained will depend, in part, on whether Apache elects to drill a well and, if it so elects, whether it elects to drill the well in WA-359-P or in WA-409-P.

If Apache drills such a well, Exoil's interest in WA-359-P will reduce to a 15% Participating Interest regardless of which permit Apache drills in unless the well is drilled in WA-359-P and Exoil exercises its right under the Apache Farmin to fund 5% of the cost of drilling that well in which case Exoil could retain up to a 20% interest in WA-359-P.

If Apache does not drill such any well, Exoil's interest in WA-359-P will remain at the 30% level to which it will reduce as a result of Apache carrying out the Zeebries 3D seismic survey.

Under the Agreement, Moby will earn a 95% interest in whatever residual interest Exoil will be entitled to after the operation of the Apache Agreement. This will be a 0.75% Participating Interest if Apache drills a well in either permit, a 1% interest if Apache elects to drill in WA-359-P and Moby elects to pay 5% of the drilling costs of that well or a 1.5% Participating Interest if Apache does not drill a well in WA-359-P. Conversely, the interest earned by Moby will be either a 14.25% Participating Interest if Apache drills a well in either permit, a 19% interest if Apache elects to drill in WA-359-P and Moby elects to pay 5% of the drilling costs of that well or a 28.5% Participating Interest if Apache does not drill a well in either permit.

Under the Agreement all of Exoil's interest in the permit will be transferred to Moby with Moby holding Exoil's 0.75% to 1.5% Participating Interest on trust for Exoil.

Moby will earn its interest by funding all work commitments which Exoil would otherwise be required to fund in relation to WA-359-P during the current term of that permit and any renewal thereof after completion of the Apache Farmin. The terms of the permit have recently been varied

with the year six work commitment having been varied to be the carrying out of a 1,212sq km new 3D Seismic Survey over the permit. This is proposed to be the Zeebries 3D seismic survey.

The term of year six of the permit has been extended to 31 January 2012 to permit this survey to be carried out. If that survey is completed the year six work program will be satisfied and Moby's obligations to fund Exoil's interest to complete the farmin will apply to work commitments in the first renewed five year term and any second five year term on subsequent renewal. Any work done by Apache in drilling a well in the renewed term which is included as part of the work program for the renewed permit will be to Moby's credit in meeting its obligations.

The extension and variation referred to above has been granted on the basis that, if the permit is renewed, a well will be required to be drilled in the first three years of the renewed term. If Apache elects to drill a well in WA-359-P the permit will be renewed and it is intended that the Apache well will be drilled in satisfaction of that well obligation.

If Apache does not elect to drill a well then the renewal or otherwise of the permit will depend on the prospectivity of the permit as determined by the Zeebries 3D seismic survey and interpretation of the data acquired.

Under the Agreement, as between Moby and Exoil, the decision to renew the permit vests in Moby, not Exoil.

If Moby elects to renew the permit, assuming a well is not drilled by Apache in the permit, Moby will be required to fund 100% of all committed work obligations under the renewed permit.

If Apache drills a well in the permit and that well is a discovery well and the participants in the WA-359-P JVOA apply for a separate petroleum title to an area surrounding the well, then Moby has no obligation to fund Exoil's residual interest in that separate title.

40.7 The Braveheart Omnibus Facility Agreement: as amended

This agreement was entered into on 7 July 2010 between each of Hawkestone Oil Pty Ltd (Operator), Gascorp Australia Pty Ltd (Gascorp), Browse Petroleum Pty Ltd (Browse), Braveheart Resources Pty Ltd (Braveheart) and Exoil. Exoil is the parent of Braveheart and Hawkestone. Gascorp is the parent of Gascorp. Exoil has guaranteed the obligations of Braveheart and Hawkestone.

Under the Agreement as amended by supplementary agreements, Braveheart acknowledged that is presently a Defaulting Party within the meaning of clause 8 of the Braveheart JOA in that it has failed to pay, when due, its Participating Interest share of Joint Account expenses relating to the drilling of the Braveheart #1 Well.

Under the Agreement it was agreed that Browse may exercise the rights and meet the obligations of all Defaulting Parties under the terms of the Braveheart JOA to contribute to the Joint Account that portion of Joint Account expenses not contributed by any each such Defaulting Party and to be entitled to exercise and acquire the rights granted to all non-defaulting Parties under the Braveheart JOA. Under the Agreement the default date was extended from the 30 day period referred to in clause 8.4.4 to that date which is now 7 July 2011 (called the "Extended Date").

The agreement provides that Braveheart and Exoil must seek to remedy its default by that date and funds to remedy its Default.

Exoil may elect to:

- (a) cause Braveheart to forthwith offer for sale the whole or part of its Participating Interest in each of WA-332-P and WA-333-P to the other Braveheart Venturers on a pro rata basis on such terms as may be agreed between Braveheart and the Braveheart Venturers subject to obtaining all requisite consents and approvals (if any) which may be required to effect same;
- (b) cause its wholly owned subsidiary, Cornea Resources Pty Ltd, to forthwith offer for sale the whole or part of its Participating Interest in WA-342-P, to the other Cornea Venturers on a pro rata basis on such terms as may be agreed between Cornea and the Cornea Venturers

subject to obtaining all requisite consents and approvals (if any) which may be required to effect same;

The Agreement provides that if Exoil and either Braveheart or Cornea Resources Pty Ltd elects to take any such course of action then, provided that each of such entities taking such course of conduct enters into a conditional agreement (or agreements) for sale of interests by the Extended Date pursuant to which the interests agreed to be sold are contracted to be sold for not less than an aggregate amount necessary to remedy Braveheart's default, the Extended Date shall be further extended until up to 15 September 2011 or such later date as may be agreed by Exoil and the Operator as necessary to enable all requisite consents to be obtained to the sale.

The Agreement provides that Exoil may also Exoil may offer for sale, or cause its subsidiaries to offer for sale, such other interests and assets held by it or them to enable it or them to raise funds to remedy Braveheart's Default. Likewise, if Exoil or any such subsidiary elects to take this course of action then, provided that Exoil or any such subsidiary enters into conditional agreements for sale of such interests by the Extended Date, the Extended Date shall be further extended until up to 15 September 2010 or such later date as may be necessary to enable all necessary consents to be obtained to any such sale.

Under the last clause, if Exoil offers up WA-359-P for sale that will extend the Default Date to the Extended Date.

The Agreement provides for an option which is for Exoil to borrow funds to meet its default but your directors are not able to cause Exoil to do this because Exoil has no reasonable prospect of repaying any such borrowing.

40.8 Corporate governance

The Exoil Board seeks to provide accountability levels that meet or exceed all legislative requirements.

40.9 Information about Exoil in this Scheme Booklet

The information contained in this Scheme Booklet in relation to Exoil is provided at a level considered necessary by Exoil to enable Members to be in a position to make a fully informed decision as to whether to vote in favour of, or against, the resolutions to be put to the Scheme Meeting and the Class Meeting.

Copies of documents lodged with ASIC by or in relation to Exoil may be obtained from, or inspected at, any office of ASIC.

40.10 Other Relevant Information

There is no other information known to Exoil and its Directors which is material to a decision by Members on how to vote on either the resolution to be put to the Scheme Meeting to approve the Scheme or the Capital Reduction Resolutions to be put to the Class Meeting to approve the reduction of capital of Exoil, having regard to information previously disclosed by Exoil to its members or which accompanies or is included in this Scheme Booklet.

SECTION 5

EFFECT OF THE SCHEMES

41. CONSEQUENCES OF SCHEMES FOR NON-ASSOCIATED SHAREHOLDERS AND OPTIONHOLDERS

The consequences of the Scheme for Non-Associated Shareholders and Optionholders are set out in clause 10 above.

41.1 Other effects of Share Scheme on the Members other than Mr Albers and his Associates and Foreign Shareholders

The Share Scheme will affect the Non-Associated Shareholders in that their Shares will be cancelled and they will receive New Moby Shares in exchange, unless they are Foreign Shareholders, in which case they will receive the net proceeds of sale of the New Moby Shares to which they would otherwise have been entitled. Non-Associated Shareholders and Foreign Shareholders should take note that they will not be entitled to any capital gains tax rollover relief and are referred to clause 10 above and to the Blaze Acumen Report for further details.

The Share Scheme will not affect Mr Albers and his Associates save and except that, as they will continue to own their Shares, they will, on completion of the Schemes, own 100% of the then issued capital of Exoil. Further, as a result of the Schemes, Exoil will no longer qualify to continue as a listed entity on NSX and will become delisted so that Mr Albers and his Associates will have lost the facility to dispose of their shares in Exoil on the Stock Market conducted by NSX.

41.2 Effect of the Share Scheme on Foreign Shareholders

The consequences of the Scheme for Non-Associated Shareholders who are Foreign Shareholders are set out in clause 12 above.

41.3 Other effects of Option Scheme on the Optionholders other than Foreign Shareholders

The Share Scheme will affect the Optionholders in that their Options will be cancelled and they will receive New Moby Options in exchange, unless they are Foreign Optionholders, in which case they will receive the net proceeds of sale of the New Moby Options to which they would otherwise have been entitled. Optionholders and Foreign Optionholders should take note that they will not be entitled to any capital gains tax rollover relief and are referred to clause 11 above and to the Blaze Acumen Report for further details.

41.4 Effect of the Option Scheme on Foreign Optionholders

The consequences of the Scheme for Optionholders who are Foreign Optionholders are set out in clause 12 above.

42. OTHER EFFECTS OF THE SCHEME

42.1 Effects of Schemes on Exoil

The effect of the Schemes on Exoil is that Exoil:

- (a) will become controlled by Mr Albers and his Associates who will own 100% of the issued capital of Exoil as it exists after the implementation of the Capital Reduction Resolutions;
- (b) will be delisted from NSX;
- (c) will, in due course, be converted into a proprietary limited company and cease to be a public company;
- (d) will continue to carry on business in the ordinary course of business as carried on before the Schemes were implemented.

42.2 Effect on Schemes on creditors

Implementation of the Schemes will have no adverse effect on creditors of Exoil. The reduction in operating costs of Exoil and its subsidiaries which will result from delisting from NSX and from subsequent conversion to a proprietary company status may benefit creditors by reducing cash outflows for Exoil.

42.3 Effect of Schemes on Directors and past directors of Exoil

Save as otherwise expressly set out herein, implementation of the Schemes will have no effect on the interests of any Director, past Director or associate of any such person within the meaning of the Corporations Act, different from the effect on any other person with like interests.

42.4 Effect of Schemes on market price of Shares and Options

From the Effective Date the Shares and Options will only have any value as evidencing entitlement to be issued and allotted the Scheme Consideration as set out in each of the Schemes. All Shares held by Non-Associated Shareholders and all Options held by Optionholders will be cancelled on the Implementation Date.

SECTION 6

SHARE SCHEME OF ARRANGEMENT

SCHEME OF ARRANGEMENT (PURSUANT TO SECTION 411 OF THE CORPORATIONS ACT 2001) BETWEEN EXOIL LIMITED (ACN 005 572 798) AND ITS MEMBERS

1. INTERPRETATION

In this Scheme, unless the context otherwise requires:

"ASIC" or **"Commission"** means the Australian Securities and Investments Commission or, in respect of any particular function or power given to the Commission under the Corporations Act, any person to whom the Commission has delegated that function or power;

"Board" in relation to any of Exoil or Moby means the board of directors of that party. A reference to the **"Exoil Board"** means a reference to the board of directors of Exoil and a reference to the **"Moby Board"** means a reference to the board of directors of Moby;

"Business Day" means a Business Day as defined in the Listing Rules of NSX;

"Business Rules" means the rules promulgated as the Business Rules of NSX and, in relation to any other Stock Exchange means those rules pursuant to which trading in securities on or through the facilities of the Stock Market conducted by it is regulated by that Stock Exchange;

"Capital Reduction" means the reduction of the capital of Exoil on the basis that the Shares held by Non-Associated Shareholders shall be cancelled in accordance with the provisions of section 256C(2) of the Corporations Act in consideration of the payment to them of the Scheme Consideration in accordance with this Scheme and the Implementation Agreement;

"Capital Reduction Resolutions" means the following resolutions to be passed at the Class Meeting and the General Meeting; namely,

- (a) a special resolution of the Members at the General Meeting approving the Capital Reduction in respect of which no votes are cast in relation to the resolution by any person whose Shares are being cancelled under the resolution;
- (b) a special resolution passed at the Class Meeting being a meeting of the Non-Associated Shareholders being that class of the Members whose Shares are to be cancelled under the resolution;

and on the basis that the text of the Capital Reduction Resolutions shall be in the form of or to the effect of the proposed resolutions set out in clause 8.2 of the Implementation Agreement;

"Class Meeting" means the class meeting of those Members whose Shares are to be cancelled in exchange for the payment to them of the Scheme Consideration (and for no other consideration and without any distribution of assets of Exoil to such Members) which meeting is convened in accordance with section 256C(2) of the Corporations Act to be held at 11.00 am or so soon thereafter as the meeting referred to in (a) above shall have concluded;

"Commonwealth" means the Commonwealth of Australia and its external territories;

"Company" or **"Exoil"** each mean Exoil Limited (ABN 29 005 433 796);

"Corporations Act" means the Corporations Act 2001 as it applies in Victoria.

"Court" means the Supreme Court of Victoria in relation to matters associated with this Scheme and otherwise means a court of competent jurisdiction under the Corporations Act.

"Court Order Time" means the time at which the Court makes Orders approving this Scheme;

"Directors" means a reference to the directors of Exoil acting as a board of directors or otherwise acting in their role or capacity as a director of Exoil and, unless otherwise indicated, a reference to a **"Director"** means a reference to a director of Exoil acting in his capacity as a director of Exoil;

"Effective" when used in relation to this Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the Order of the Court made under section 411(4) (b) in relation to this Scheme.

"Effective Date" means the date on which an office copy of an Order of the Court in relation to this Scheme made under section 411(6) of the Corporations Act is lodged with the Commission;

"End Date" means the date specified in, or determined pursuant to, clause 4.4 of this Scheme;

"Explanatory Statement" means the draft Explanatory Statement ordered by the Court as the Explanatory Statement to accompany the Scheme pursuant to the provisions of section 412 of the Corporations Act;

"Foreign Shareholder" means a Member with a Registered Address outside of Australia and its external territories and New Zealand;

"General Meeting" means the general meeting of all Members convened in accordance with section 256C(2)(a) of the Corporations Act to be held at 10.45 am on the date of the Scheme Meeting, or so soon thereafter as the Scheme Meeting shall have concluded, for the purpose of passing the Capital Reduction Resolution as a special resolution of the Members at which meeting no votes are cast in relation to the resolution by any person whose Shares are being cancelled;

"Government Agency" means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in the right of the Commonwealth of Australia or of any State, including the Australian Consumer & Competition Commission, the Takeovers Panel and ASX.

"Implementation Agreement" means the Implementation Agreement to be tabled at the Scheme Meeting, a copy of which is set out in the Scheme Booklet, which has been entered into between Exoil and Moby conditionally upon this Scheme coming into effect;

"Implementation Date" means the date on which the Scheme shall be implemented being 5.00 pm on that date which is five (5) Business Days after the Record Date;

"Listed Options" means the 24,620,208 options to acquire ordinary shares in the capital of Exoil which are listed for quotation on the stock market conducted by NSX and which remain extant as at the Record Date.

"Listing Rules" means, in relation to any Stock Exchange, the rules of that Stock Exchange governing trading in securities quoted on that Stock Exchange as in force from time to time and, in relation to ASX, mean the Listing Rules of ASX as in force from time to time;

"Members" means those persons registered as the holders of the shares in the capital of Exoil on the Share Register as at the date and time of the Scheme Meeting Provided That if a Member shall after that date and time cease to be registered as a member of Exoil on the Share Register such person shall cease to be a Member for the purposes of this Scheme Provided further that where a person shall after that date and time become registered as a member of Exoil on the Share Register in respect of any share in the capital of Exoil such person shall, from the time his name is entered on the Share Register, be deemed to be a Member for the purposes of this Scheme;

"New Moby Shares" means new ordinary shares in the capital of Moby to be issued and allotted on the Implementation Date to Non-Associated Shareholders in consideration of the cancellation of their Shares pursuant to this Scheme in accordance with the Capital Reduction Resolution;

"Moby" means Moby Oil & Gas Limited (ABN 17 106 653 794);

"Moby Directors" means a reference to the directors of Moby acting as a board of directors or otherwise acting in their role or capacity as a director of Moby and a reference to an **"Moby Director"** means a reference to a director of Moby acting in his capacity as a director of Moby;

"Moby Shares" means ordinary fully paid shares in the capital of Moby.

"Mr Albers and his Associates" means each of E G Albers, P J Albers, E G Albers & P J Albers, E G Albers & E M Larsson, Albers Custodian Company Pty Ltd ACN 005 473 316 <Albers Family Trust>, Auralandia NL ACN 004 913 884, Australis Finance Pty Ltd ACN 004 857 498, Bass Strait Group Pty Ltd ACN 005 512 434, Batavia Oil & Gas Pty Ltd ACN 084 043 907, Capricorn Mining Pty Ltd ACN 009 806 615, Gascorp Australia Pty Ltd ACN 102 547 884, Great Australia Corporation Pty Ltd ACN 004 333 288, Great Missenden Holdings Pty Ltd ACN 004 765 557, National Oil & Gas Pty Ltd ACN 009 240 420, Natural Resources Group Pty Ltd ACN 004 650 597, Ultragas Resources Pty Ltd ACN 136 941 832 and Wilstermere Corporation Pty Ltd ACN 004 745 135.

"New Moby Shares" means ordinary fully paid shares in the capital of Moby to be issued as the Scheme Consideration and which will rank equally with all other Moby Shares on issue as from their date of issue.

"Nominee" means the nominee appointed to receive the New Moby Shares comprising the Scheme Consideration on behalf of those Non-Associated Shareholders who are Foreign Shareholders.

"Non-Associated Shareholders" means all of the Members on the Record Date other than Mr Albers and his Associates.

"Officers" means, in relation to a company, its directors, company secretaries and other persons designated as officers under the Corporations Act.

"Optionholders" means those persons registered as the holders of Options on the Options Register as at the date and time of the Scheme Meeting Provided That if an Optionholder shall after that date and time cease to be registered as an Optionholder on the Options Register such person shall cease to be an Optionholder for the purposes of the Option Scheme Provided further that where a person shall after that date and time become registered as an Optionholder on the Options Register in respect of any Option in the capital of Exoil such person shall, from the time his name is entered on the Options Register, be deemed to be an Optionholder for the purposes of the Option Scheme;

"Option Register" means the register of optionholders of Exoil, including Listed Options and Unlisted Options, kept in accordance with the Corporations Act;

"Options" means the Listed Options and the Unlisted Options.

"Option Scheme" means the proposed scheme of arrangement to be entered into between Exoil and its Optionholders pursuant to which the Options held by Optionholders will be cancelled in consideration of Optionholders receiving the Scheme Consideration under that Option Scheme before the End Date as specified in or determined under Clause 4.4 of the Option Scheme. A reference to the Option Scheme shall include any alterations or conditions imposed in relation thereto pursuant to Section 411(6) of the Corporations Act.

"Option Scheme Meeting" means the meeting of Optionholders ordered to be convened pursuant to the Order of the Court for the purpose of considering and, if though fit, approving the entering into of the Option Scheme.

"person" includes the Crown, and all bodies or persons corporate or unincorporate.

"Record Date" means that date and time being 5.00 pm on the Effective Date.

"Registered Address" means in relation to a Member, that member's address shown in the Share Register.

"Regulations" means the Corporations Regulations in force under the Corporations Act from time to time.

"Regulatory Approval" means:

- (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with a Public Authority; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Public Authority intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

"Scheme" means this proposed scheme of arrangement to be entered into between Exoil and its Members pursuant to which the Shares held by Non-Associated Shareholders will be cancelled in consideration of Non-Associated Shareholders receiving the Scheme Consideration as provided herein before the End Date as specified in or determined under Clause 4.4 of this Scheme. A reference to this Scheme shall include any alterations or conditions imposed in relation thereto pursuant to Section 411(6) of the Corporations Act.

"Scheme Meeting" means the meeting of Members ordered to be convened pursuant to the Order of the Court for the purpose of considering and, if though fit, approving the entering into of this Scheme.

"Scheme Consideration" means:

- (a) in relation to this Scheme, the New Moby Shares which are to be issued and allotted to the Non-Associated Shareholders in accordance with the provisions of this Scheme and the Implementation Agreement on the basis that, for every Share held by any Non-Associated Shareholder, Moby will issue 1.35 New Moby Shares with fractional entitlements being rounded up to the next whole New Moby Share and on the basis that the Scheme Consideration to be provided to Foreign Shareholders shall be issued and allotted to a nominee and dealt with in accordance with this Scheme and the Implementation Agreement;
- (b) in relation to the Option Scheme, the New Moby Options which are to be issued and allotted to the Optionholders in accordance with the provisions of the Option Scheme and the Implementation Agreement on the basis that, for every Option held by any Optionholder, Moby will issue 1.35 New Moby Options with fractional entitlements being rounded up to the next whole New Moby Option and on the basis that the Scheme Consideration to be provided to Foreign Optionholders shall be issued and allotted to a nominee and dealt with in accordance with the Option Scheme and the Implementation Agreement.

"Schemes" means this Scheme and the Option Scheme.

"Second Court Date" means the date on which application is first made to the Court for approval of this Scheme;

"Share Register" means the register of members of Exoil kept in accordance with the Corporations Act;

"Share Registry" means Link Market Service Limited or other person from time to time maintaining the Share Register and the Option Register;

"Shares" means the ordinary shares in the capital of Exoil that will be cancelled under this Scheme;

"Stock Exchange" means any stock exchange on which the Shares or the New Moby Shares may be listed from time to time (including, but not limited to, NSX in the case of the Shares and ASX in the case of the New Moby Shares);

"Stock Market" means a stock market conducted by any Stock Exchange;

“Transaction Documents” means the Implementation Agreement and any other agreement entered into between Exoil and Moby for the purpose of giving effect to or implementing this Scheme;

“Unlisted Options” means the 5,500,000 options to acquire ordinary shares in the capital of Exoil not listed on NSX which remain extant as at the Record Date.

2. PRELIMINARY

Exoil is a public company limited by shares.

As at the date of the Scheme Booklet, the issued capital of Exoil comprises 81,550,523 Shares of which 25,054,271 Shares are held by the Non-Associated Shareholders with the remaining 56,496,252 Shares being held by Mr Albers and his Associates. Exoil also has the following Options on issue, namely 24,620,208 options to acquire ordinary shares in the capital of Exoil, which are listed for quotation on the stock market conducted by NSX and 5,500,000 options to acquire ordinary shares in the capital of Exoil which are not listed on NSX.

The Directors of Exoil have determined that it is in the interests of the members and Optionholders to enter into the Schemes and for that purpose have made application to the Court for orders convening:

- (a) a meeting of the Members in accordance with the provisions of Section 411 of the Corporations Act to enable the Members to consider and if thought fit approve this Share Scheme.
- (b) a meeting of the Optionholders in accordance with the provisions of Section 411 of the Corporations Act to enable the Members to consider and if thought fit approve the Option Scheme.

Each of Exoil and Moby has undertaken to do all acts matters and things contemplated to be done by either of them pursuant to either of the Schemes or to give effect thereto and for such purposes they have entered into the Implementation Agreement.

The implementation of this Scheme is primarily intended to result in the Shares held by the Non-Associated Shareholders to be cancelled and for the Non-Associated Shareholders to be issued and allotted New Moby Shares as the Scheme Consideration in accordance with the provisions of clause 7 hereof and for them to acquire these securities in consideration of the cancellation of their Shares.

The implementation of the Option Scheme is primarily intended to result in the Options held by the Optionholders to be cancelled and for the Optionholders to be issued and allotted New Moby Options as the Scheme Consideration in accordance with the provisions of clause 7 of the Option Scheme and for them to acquire these securities in consideration of the cancellation of their Options.

3. OBJECT OF THIS SCHEME

The object of this Scheme is to enable the Non-Associated Shareholders to become Moby shareholders on the terms set out herein and on the basis that the implementation of this Scheme will facilitate the implementation of all of the associated proposals described in more detail in the Scheme Booklet in respect of which this Scheme forms

4. CONDITIONS PRECEDENT TO AND EFFECTIVENESS OF THIS SCHEME

4.1 Conditions

This Scheme is conditional upon all of the conditions set out in the Implementation Agreement having been satisfied or having been waived in accordance with the terms of the Implementation Agreement, by the Court Order Time.

4.2 Conditions precedent

The fulfilment of clause 4.1 is a condition precedent to the operation of the provisions of clause 6.

4.3 Certificate

On the Second Court Date Exoil shall provide to the Court a certificate confirming whether or not all the conditions in the Implementation Agreement have been satisfied or waived in accordance with the terms of the Implementation Agreement.

4.4 End Date

This Scheme will lapse and be of no further force or effect if the Implementation Date has not occurred on or before 31 December 2011 or such later date as Exoil may advise Moby in writing.

5. COMPLIANCE WITH THE SCHEME

5.1 Obligations of Exoil and its Directors to comply with the Scheme

The Directors, having so undertaken to the Court, shall do all acts, matters and things hereby contemplated to be done by them and so far as it lies within the exercise of their powers as directors of Exoil shall, at the cost of Moby, procure Exoil to do all such acts, matters and things hereby, or by the Implementation Agreement, contemplated to be done by Exoil.

5.2 Obligations of Moby and its Directors to comply with the Scheme

The Moby Directors, having so undertaken to the Court, shall do all acts, matters and things hereby contemplated to be done by them and so far as it lies within the exercise of their powers as directors of Moby shall procure Moby to do all such acts, matters and things hereby, or by the Implementation Agreement, contemplated to be done by Moby.

6. LODGEMENT WITH ASIC

Exoil will lodge with ASIC office copies of the Court orders under section 411 of the Corporations Act approving this Scheme by 5:00pm on the first Business Day after the last to occur of the day on which the Court approves this Scheme.

7. EVENTS TO OCCUR ON IMPLEMENTATION DATE

7.1 Provide Scheme Consideration

On the Implementation Date Moby shall provide the Scheme Consideration to the Non-Associated Shareholders according to their entitlement thereto as at the Record Date by issuing the New Moby Shares in accordance with the requirements of the Implementation Agreement.

7.2 Foreign Shareholders

Moby will not be under any obligation to issue marketable securities to any Foreign Shareholder. As applicable, Moby will instead issue the Scheme Consideration in respect of the Shares held by each Foreign Shareholder to the Nominee which will sell them as soon as reasonably practicable and account to the Foreign Shareholders for the net proceeds of sale in accordance the provisions of clause 5.2 of the Implementation Agreement which accounting and payment in full satisfaction of the Foreign Shareholder's rights under sub-clause 7.1 above.

7.3 Fractions

If the number of Shares held by a Non-Associated Shareholder is such that the entitlement of that Non-Associated Shareholder to New Moby Shares is not a whole number then any fractional entitlement to such New Moby Shares will be up to the nearest whole number.

7.4 Dealings in Shares

For the purpose of establishing who are Non-Associated Shareholders, dealings in Shares will only be recognised if registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date at the place where the Share Register is kept.

7.5 Registration of transfers before Record Date

Exoil must register registrable transmission applications or transfers on or before the Record Date except where its constitution permits or requires it not to register a transmission application or transfer.

7.6 No registration of transfers after Record Date

Exoil will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after the Record Date.

7.7 Exoil to maintain Share Register until Scheme Consideration paid

For the purpose of determining entitlements to the Scheme Consideration, Exoil will, until payment of the Scheme Consideration has been made, maintain the Share Register as at the Record Date in accordance with the foregoing provisions of this clause 7 and the Share Register in this form will solely determine entitlements to the Scheme Consideration.

7.8 Certificates and holding statements after Record Date

All certificates or holding statements for Shares will cease to have any effect from the Record Date as documents of title in respect of Shares held by Non-Associated Shareholders. As from the Record Date, each entry current at that date on the Share Register relating to such Shares will cease to be of any effect other than as evidence of entitlement to New Moby Shares to be issued pursuant to this Scheme.

8. COMPANY TO PROVIDE DETAILS OF MEMBERS

The Company must procure that by 9:00am on the Business Day after the Record Date, details of the names, registered addresses and holdings of the Shares of every Non-Associated Shareholder as shown in the Share Register at the Record Date are available to Moby in such form as Moby may reasonably require.

9. GENERAL SCHEME PROVISIONS

9.1 Non-Associated Shareholders agree to be bound by Constitution of Moby

Non-Associated Shareholders will accept all New Moby Shares issued by way of Scheme Consideration subject to the constitution of Moby and agree to be bound thereby.

9.2 Ranking of New Moby Shares issued as Scheme Consideration

All New Moby Shares issued as part of the Scheme Consideration will rank pari passu in all respects with other Moby Shares as at the Implementation Date.

9.3 Consent to Alterations or Additions to Scheme

Should the Court propose to approve the Scheme subject to any alterations or conditions, Exoil may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Moby has consented. Moby shall be bound by any alterations or conditions to which Moby has consented and which are approved by the Court.

9.4 Provision of Scheme Consideration

The obligation of Moby to pay the Scheme Consideration shall be satisfied by Moby, on the Implementation Date:

- (a) in relation to all Non-Associated Shareholders, other than Foreign Shareholders, issuing uncertificated holding statements for such New Moby Shares comprising the Scheme Consideration in the name of that Non-Associated Shareholder in accordance with the provisions of this Scheme and entering the name of each Non-Associated Shareholder on its register of members in accordance with the provisions of this Scheme and in accordance with the Implementation Agreement.
- (b) in relation to Non-Associated Shareholders who are Foreign Shareholders, issuing an uncertificated holding statement for such New Moby Shares, comprising the Scheme Consideration to which all such Foreign Shareholders are entitled, in the name of the Nominee in accordance with the provisions of this Scheme and entering the name of the Nominee on its register of members in accordance with the provisions of this Scheme and in accordance with the Implementation Agreement

In the case of joint holders of Shares, an uncertificated holding statement shall be issued in the joint names of those Non-Associated Shareholders and forwarded to the holder whose name appears first in the Share Register on the Record Date.

9.5 Notices to Exoil

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Exoil it shall not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Exoil's registered office or at the Share Registry.

9.6 Further Acts

Exoil will execute all documents and do all acts and things necessary for the implementation and performance of its obligations under this Scheme.

9.7 Consent to Further Acts by Exoil

The Non-Associated Shareholders consent to Exoil doing all things necessary or incidental to the implementation of this Scheme.

9.8 Appointment of the Company as Attorney and Agent

Each Member, without the need for any further act, irrevocably appoints each of Exoil and the Directors (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this Scheme.

9.9 Governing Law

The proper law of this Scheme is the law of the State of Victoria.

10. SCHEME PROVISIONS TO PREVAIL OVER CONSTITUTION

Insofar as any provision of this Scheme may be inconsistent with the provisions of the constitution of Exoil, then this Scheme shall prevail to the extent of any such inconsistency.

11. BINDING NATURE OF SCHEME

This Scheme shall bind Exoil and all Members, including those who do not attend or vote at the Scheme Meeting convened by order of the Court in this matter.

SECTION 7

OPTION SCHEME OF ARRANGEMENT

SCHEME OF ARRANGEMENT (PURSUANT TO SECTION 411 OF THE CORPORATIONS ACT 2001) BETWEEN EXOIL LIMITED (ACN 005 572 798) AND ITS OPTIONHOLDERS

1. INTERPRETATION

In this Scheme, unless the context otherwise requires:

"ASIC" or **"Commission"** means the Australian Securities and Investments Commission or, in respect of any particular function or power given to the Commission under the Corporations Act, any person to whom the Commission has delegated that function or power;

"Board" in relation to any of Exoil or Moby means the board of directors of that party. A reference to the **"Exoil Board"** means a reference to the board of directors of Exoil and a reference to the **"Moby Board"** means a reference to the board of directors of Moby;

"Business Day" means a Business Day as defined in the Listing Rules of NSX;

"Business Rules" means the rules promulgated as the Business Rules of NSX and, in relation to any other Stock Exchange means those rules pursuant to which trading in securities on or through the facilities of the Stock Market conducted by it is regulated by that Stock Exchange;

"Capital Reduction" means the reduction of the capital of Exoil on the basis that the Shares held by Non-Associated Shareholders shall be cancelled in accordance with the provisions of section 256C(2) of the Corporations Act in consideration of the payment to them of the Scheme Consideration in accordance with this Scheme and the Implementation Agreement;

"Capital Reduction Resolutions" means the following resolutions to be passed at the Class Meeting and the General Meeting; namely,

- (a) a special resolution of the Members at the General Meeting approving the Capital Reduction in respect of which no votes are cast in relation to the resolution by any person whose Shares are being cancelled under the resolution;
- (b) a special resolution passed at the Class Meeting being a meeting of the Non-Associated Shareholders being that class of the Members whose Shares are to be cancelled under the resolution;

and on the basis that the text of the Capital Reduction Resolutions shall be in the form of or to the effect of the proposed resolutions set out in clause 8.2 of the Implementation Agreement;

"Class Meeting" means the class meeting of those Members whose Shares are to be cancelled in exchange for the payment to them of the Scheme Consideration (and for no other consideration and without any distribution of assets of Exoil to such Members) which meeting is convened in accordance with section 256C(2) of the Corporations Act to be held at 11.00 am or so soon thereafter as the meeting referred to in (a) above shall have concluded;

"Commonwealth" means the Commonwealth of Australia and its external territories;

"Company" or **"Exoil"** each mean Exoil Limited (ABN 29 005 433 796);

"Corporations Act" means the Corporations Act 2001 as it applies in Victoria.

"Court" means the Supreme Court of Victoria in relation to matters associated with this Scheme and otherwise means a court of competent jurisdiction under the Corporations Act.

"Court Order Time" means the time at which the Court makes Orders approving this Scheme;

"Directors" means a reference to the directors of Exoil acting as a board of directors or otherwise acting in their role or capacity as a director of Exoil and, unless otherwise indicated, a reference to a **"Director"** means a reference to a director of Exoil acting in his capacity as a director of Exoil;

"Effective" when used in relation to this Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the Order of the Court made under section 411(4) (b) in relation to this Scheme.

"Effective Date" means the date on which an office copy of an Order of the Court in relation to this Scheme made under section 411(6) of the Corporations Act is lodged with the Commission;

"End Date" means the date specified in, or determined pursuant to, clause 4.4 of this Scheme;

"Explanatory Statement" means the draft Explanatory Statement ordered by the Court as the Explanatory Statement to accompany the Scheme pursuant to the provisions of section 412 of the Corporations Act;

"Foreign Optionholder" means an Optionholder with a Registered Address outside of Australia and its external territories and New Zealand;

"General Meeting" means the general meeting of all Members convened in accordance with section 256C(2)(a) of the Corporations Act to be held at 10.45 am on the date of the Scheme Meeting, or so soon thereafter as the Scheme Meeting shall have concluded, for the purpose of passing the Capital Reduction Resolution as a special resolution of the Members at which meeting no votes are cast in relation to the resolution by any person whose Shares are being cancelled;

"Government Agency" means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in the right of the Commonwealth of Australia or of any State, including the Australian Consumer & Competition Commission, the Takeovers Panel and ASX.

"Implementation Agreement" means the Implementation Agreement to be tabled at the Scheme Meeting, a copy of which is set out in the Scheme Booklet, which has been entered into between Exoil and Moby conditionally upon this Scheme coming into effect;

"Implementation Date" means the date on which the Scheme shall be implemented being 5.00 pm on that date which is five (5) Business Days after the Record Date;

"Listed Options" means the 24,620,208 options to acquire ordinary shares in the capital of Exoil which are listed for quotation on the stock market conducted by NSX and which remain extant as at the Record Date.

"Listing Rules" means, in relation to any Stock Exchange, the rules of that Stock Exchange governing trading in securities quoted on that Stock Exchange as in force from time to time and, in relation to ASX, mean the Listing Rules of ASX as in force from time to time;

"Members" means those persons registered as the holders of the shares in the capital of Exoil on the Share Register as at the date and time of the Share Scheme Meeting Provided That if a Member shall after that date and time cease to be registered as a member of Exoil on the Share Register such person shall cease to be a Member for the purposes of the Share Scheme Provided further that where a person shall after that date and time become registered as a member of Exoil on the Share Register in respect of any share in the capital of Exoil such person shall, from the time his name is entered on the Share Register, be deemed to be a Member for the purposes of the Share Scheme;

"Moby" means Moby Oil & Gas Limited (ABN 17 106 653 794);

"Moby Directors" means a reference to the directors of Moby acting as a board of directors or otherwise acting in their role or capacity as a director of Moby and a reference to an **"Moby Director"** means a reference to a director of Moby acting in his capacity as a director of Moby;

“Mr Albers and his Associates” means each of E G Albers, P J Albers, E G Albers & P J Albers, E G Albers & E M Larsson, Albers Custodian Company Pty Ltd ACN 005 473 316 <Albers Family Trust>, Auralandia NL ACN 004 913 884, Australis Finance Pty Ltd ACN 004 857 498, Bass Strait Group Pty Ltd ACN 005 512 434, Batavia Oil & Gas Pty Ltd ACN 084 043 907, Capricorn Mining Pty Ltd ACN 009 806 615, Gascorp Australia Pty Ltd ACN 102 547 884, Great Australia Corporation Pty Ltd ACN 004 333 288, Great Missenden Holdings Pty Ltd ACN 004 765 557, National Oil & Gas Pty Ltd ACN 009 240 420, Natural Resources Group Pty Ltd ACN 004 650 597, Ultragas Resources Pty Ltd ACN 136 941 832 and Wilstermere Corporation Pty Ltd ACN 004 745 135.

“New Moby Options” means options to acquire ordinary shares in the capital of Moby to be issued on the Implementation Date to Optionholders in consideration of the cancellation of their Options pursuant to the Option Scheme;

“New Moby Shares” means ordinary shares in the capital of Moby to be issued on the Implementation Date to Non-Associated Shareholders in consideration of the cancellation of their Shares pursuant to the Share Scheme;

“Nominee” means the nominee appointed to receive the New Moby Options comprising the Scheme Consideration on behalf of those Optionholders who are Foreign Optionholders and sell the same on behalf of those Foreign Optionholders in accordance with the Implementation Agreement;

“Non-Associated Shareholders” means all of the Members on the Record Date other than Mr Albers and his Associates.

“Officers” means, in relation to a company, its directors, company secretaries and other persons designated as officers under the Corporations Act.

“Optionholders” means those persons registered as the holders of Options on the Options Register as at the date and time of the Scheme Meeting Provided That if an Optionholder shall after that date and time cease to be registered as an Optionholder on the Options Register such person shall cease to be an Optionholder for the purposes of this Scheme Provided further that where a person

“Option Register” means the register of optionholders of Exoil, including Listed Options and Unlisted Options, kept in accordance with the Corporations Act;

“Options” means the Listed Options and the Unlisted Options.

“Option Scheme” means the proposed scheme of arrangement to be entered into between Exoil and its Optionholders pursuant to which the Options held by the Optionholders will be cancelled in consideration of the Optionholders receiving the Scheme Consideration under that Option Scheme before the End Date as specified in or determined under Clause 4.4 of the Option Scheme. A reference to the Option Scheme shall include any alterations or conditions imposed in relation thereto pursuant to Section 411(6) of the Corporations Act.

“Option Scheme Meeting” means the meeting of Optionholders ordered to be convened pursuant to the Order of the Court for the purpose of considering and, if though fit, approving the entering into of the Option Scheme.

“Share Scheme” means the proposed scheme of arrangement to be entered into between Exoil and its Members pursuant to which the Shares held by the Non-Associated Shareholders will be cancelled in consideration of the Non-Associated Shareholders receiving the Scheme Consideration under that Share Scheme before the End Date as specified in or determined under Clause 4.4 of the Share Scheme. A reference to the Share Scheme shall include any alterations or conditions imposed in relation thereto pursuant to Section 411(6) of the Corporations Act.

“Share Scheme Meeting” means the meeting of Members ordered to be convened pursuant to the Order of the Court for the purpose of considering and, if though fit, approving the entering into of the Share Scheme.

"person" includes the Crown, and all bodies or persons corporate or unincorporate.

"Record Date" means that date and time being 5.00 pm on the Effective Date.

"Registered Address" means in relation to a Member, that member's address shown in the Share Register.

"Regulations" means the Corporations Regulations in force under the Corporations Act from time to time.

"Regulatory Approval" means:

- (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with a Public Authority; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Public Authority intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

"Scheme Consideration" means:

- (a) in relation to the Option Scheme, the New Moby Options which are to be issued to the Optionholders in accordance with the provisions of the Option Scheme and the Implementation Agreement on the basis that, for every Option held by any Optionholder, Moby will issue 1.35 New Moby Options with fractional entitlements being rounded up to the next whole New Moby Option and on the basis that the Scheme Consideration to be provided to Foreign Optionholders shall be issued and allotted to a nominee and dealt with in accordance with this Scheme and the Implementation Agreement;
- (b) in relation to the Share Scheme, the New Moby Shares which are to be issued to the Non-Associated Shareholders in accordance with the provisions of the Share Scheme and the Implementation Agreement on the basis that, for every Share held by any Non-Associated Shareholder, Moby will issue 1.35 New Moby Shares with fractional entitlements being rounded up to the next whole New Moby Share and on the basis that the Scheme Consideration to be provided to Foreign Shareholders shall be issued and allotted to a nominee and dealt with in accordance with the Share Scheme and the Implementation Agreement.

"Schemes" means the Option Scheme and the Share Scheme.

"Second Court Date" means the date on which application is first made to the Court for approval of this Scheme;

"Share Register" means the register of members of Exoil kept in accordance with the Corporations Act;

"Share Registry" means Link Market Service Limited or other person from time to time maintaining the Share Register and the Option Register;

"Shares" means the ordinary shares in the capital of Exoil that will be cancelled under this Scheme;

"Stock Exchange" means any stock exchange on which the Shares or the New Moby Shares may be listed from time to time (including, but not limited to, NSX in the case of the Shares and ASX in the case of the New Moby Shares);

"Stock Market" means a stock market conducted by any Stock Exchange;

"Transaction Documents" means the Implementation Agreement and any other agreement entered into between Exoil and Moby for the purpose of giving effect to or implementing this Scheme;

“Unlisted Options” means the 5,500,000 options to acquire ordinary shares in the capital of Exoil held which are not listed on NSX.

2. PRELIMINARY

Exoil is a public company limited by shares.

As at the date of the Scheme Booklet, the issued capital of Exoil comprises 81,550,523 Shares of which 25,054,271 Shares are held by the Non-Associated Shareholders with the remaining 56,496,252 Shares being held by Mr Albers and his Associates. Exoil also has the following Options on issue, namely 24,620,208 options to acquire ordinary shares in the capital of Exoil, which are listed for quotation on the stock market conducted by NSX and which are exercisable at \$0.12 (12 cents) per option at any time up to 5:00pm (AEST) on 30 June 2012 and 6,250,000 options to acquire ordinary shares in the capital of Exoil which are exercisable at \$0.12 (12 cents) per option at any time up to 5:00pm (AEST) on 30 June 2013.

The Directors of Exoil have determined that it is in the interests of the members and Optionholders to enter into the Schemes and for that purpose have made application to the Court for orders convening:

- (a) a meeting of the Members in accordance with the provisions of Section 411 of the Corporations Act to enable the Members to consider and if thought fit approve this Share Scheme.
- (b) a meeting of the Optionholders in accordance with the provisions of Section 411 of the Corporations Act to enable the Members to consider and if thought fit approve the Option Scheme.

Each of Exoil and Moby has undertaken to do all acts matters and things contemplated to be done by either of them pursuant to either of the Schemes or to give effect thereto and for such purposes they have entered into the Implementation Agreement.

The implementation of this Scheme is primarily intended to result in the Options held by the Optionholders to be cancelled and for the Optionholders to be issued New Moby Options as the Scheme Consideration in accordance with the provisions of clause 7 hereof and for them to acquire these securities in consideration of the cancellation of their Options

The implementation of the Share Scheme is primarily intended to result in the Shares held by the Non-Associated Shareholders to be cancelled and for the Non-Associated Shareholders to be issued New Moby Shares as the Scheme Consideration in accordance with the provisions of clause 7 of the Share Scheme and for them to acquire these New Moby Shares in consideration of the cancellation of their Shares.

3. OBJECT OF THIS SCHEME

The object of this Scheme is to enable the Optionholders holders to become holders of New Moby Options on the terms set out herein and on the basis that the implementation of this Scheme will facilitate the implementation of all of the associated proposals described in more detail in the Scheme Booklet in respect of which this Scheme forms

4. CONDITIONS PRECEDENT TO AND EFFECTIVENESS OF THIS SCHEME

4.1 Conditions

This Scheme is conditional upon all of the conditions set out in the Implementation Agreement having been satisfied or having been waived in accordance with the terms of the Implementation Agreement, by the Court Order Time.

4.2 Conditions precedent

The fulfilment of clause 4.1 is a condition precedent to the operation of the provisions of clause 6.

4.3 Certificate

On the Second Court Date Exoil shall provide to the Court a certificate confirming whether or not all the conditions in the Implementation Agreement have been satisfied or waived in accordance with the terms of the Implementation Agreement.

4.4 End Date

This Scheme will lapse and be of no further force or effect if the Implementation Date has not occurred on or before 31 December 2011 or such later date as Exoil may advise Moby in writing.

5. COMPLIANCE WITH THE SCHEME

5.1 Obligations of Exoil and its Directors to comply with the Scheme

The Directors, having so undertaken to the Court, shall do all acts, matters and things hereby contemplated to be done by them and so far as it lies within the exercise of their powers as directors of Exoil shall, at the cost of Moby, procure Exoil to do all such acts, matters and things hereby, or by the Implementation Agreement, contemplated to be done by Exoil.

5.2 Obligations of Moby and its Directors to comply with the Scheme

The Moby Directors, having so undertaken to the Court, shall do all acts, matters and things hereby contemplated to be done by them and so far as it lies within the exercise of their powers as directors of Moby shall procure Moby to do all such acts, matters and things hereby, or by the Implementation Agreement, contemplated to be done by Moby.

6. LODGEMENT WITH ASIC

Exoil will lodge with ASIC office copies of the Court orders under section 411 of the Corporations Act approving this Scheme by 5:00pm on the first Business Day after the last to occur of the day on which the Court approves this Scheme.

7. EVENTS TO OCCUR ON IMPLEMENTATION DATE

7.1 Options Cancelled

On the Implementation Date each of the Options will be cancelled in consideration of the issue by Moby of the Scheme Consideration to each Optionholder according to that Optionholder's right thereto under the Implementation Agreement. For this purpose each Optionholder hereby appoints each of the Directors as his or her joint and several attorneys to sign all documents and do all acts matters and things necessary, or in the opinion of such attorney, desirable, to give effect to this Scheme including, as necessary, executing any form giving effect to such cancellation of Options including signing an instrument of surrender thereof if considered appropriate.

7.2 Provide Scheme Consideration

On the Implementation Date Moby, and subject to Exoil confirming in writing to Moby that each of the Options have been cancelled and ceased to exist, Moby shall provide the Scheme Consideration to the Optionholders holders according to their entitlement thereto as at the Record Date by issuing the New Moby Options in accordance with the requirements of the Implementation Agreement.

7.3 Foreign Optionholders

Moby will not be under any obligation to issue New Moby Options to any Foreign Optionholder. As applicable, Moby will instead issue the Scheme Consideration in respect of the Options held by each Foreign Optionholder to the Nominee which will sell them as soon as reasonably practicable and account to the Foreign Optionholders for the net proceeds of sale in accordance the provisions of clause 5.2 of the Implementation Agreement which accounting and payment in full satisfaction of the Foreign Optionholder's rights under sub-clause 7.1 above.

7.4 Fractions

If the number of Options held by an Optionholder is such that the entitlement of that Optionholder to New Moby Options is not a whole number then any fractional entitlement to such New Moby Options will be up to the nearest whole number.

7.5 Dealings in Options

For the purpose of establishing who are Optionholders, dealings in Options will only be recognised if registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date at the place where the Options Register is kept.

7.6 Registration of transfers before Record Date

Exoil must register registrable transmission applications or transfers on or before the Record Date except where its constitution permits or requires it not to register a transmission application or transfer.

7.7 No registration of transfers after Record Date

Exoil will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Options received after the Record Date.

7.8 Exoil to maintain Options Register until Scheme Consideration paid

For the purpose of determining entitlements to the Scheme Consideration, Exoil will, until payment of the Scheme Consideration has been made, maintain the Options Register as at the Record Date in accordance with the foregoing provisions of this clause 7 and the Options Register in this form will solely determine entitlements to the Scheme Consideration.

7.9 Certificates and holding statements after Record Date

All certificates or holding statements for Options will cease to have any effect from the Record Date as documents of title in respect of Options held by Optionholders. As from the Record Date, each entry current at that date on the Options Register relating to such Options will cease to be of any effect other than as evidence of entitlement to New Moby Options to be issued pursuant to this Scheme.

8. COMPANY TO PROVIDE DETAILS OF OPTIONHOLDERS

The Company must procure that by 9:00am on the Business Day after the Record Date, details of the names, registered addresses and holdings of the Optionholdings of every Optionholder as shown in the Options Register at the Record Date are available to Moby in such form as Moby may reasonably require.

9. GENERAL SCHEME PROVISIONS

9.1 Optionholders agree to be bound by Constitution of Moby

Optionholders will accept all New Moby Options issued by way of Scheme Consideration subject to the constitution of Moby and agree to be bound thereby.

9.2 Ranking of New Moby Options issued as Scheme Consideration

The New Moby Options to be issued as the Scheme Consideration will form a new class of options.

9.3 Consent to Alterations or Additions to Scheme

Should the Court propose to approve the Scheme subject to any alterations or conditions, Exoil may by its counsel consent on behalf of all persons concerned to those alterations or conditions to

which Moby has consented. Moby shall be bound by any alterations or conditions to which Moby has consented and which are approved by the Court.

9.4 Provision of Scheme Consideration

The obligation of Moby to pay the Scheme Consideration shall be satisfied by Moby, on the Implementation Date:

- (a) in relation to all Optionholders, other than Foreign Optionholders, issuing uncertificated holding statements for such New Moby Options comprising the Scheme Consideration in the name of that Optionholder in accordance with the provisions of this Scheme and entering the name of each Optionholder on its register of Optionholders in accordance with the provisions of this Scheme and in accordance with the Implementation Agreement.
- (b) in relation to Optionholders, who are Foreign Optionholders, issuing an uncertificated holding statement for such New Moby Options, comprising the Scheme Consideration to which all such Foreign Optionholders are entitled, in the name of the Nominee in accordance with the provisions of this Scheme and entering the name of the Nominee on its register of Optionholders in accordance with the provisions of this Scheme and in accordance with the Implementation Agreement

In the case of joint holders of Shares, an uncertificated holding statement shall be issued in the joint names of those Non-Associated Shareholders and forwarded to the holder whose name appears first in the Share Register on the Record Date.

9.5 Notices to Exoil

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Exoil it shall not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Exoil's registered office or at the Share Registry.

9.6 Further Acts

Exoil will execute all documents and do all acts and things necessary for the implementation and performance of its obligations under this Scheme.

9.7 Consent to Further Acts by Exoil

The Non-Associated Shareholders consent to Exoil doing all things necessary or incidental to the implementation of this Scheme.

9.8 Appointment of the Company as Attorney and Agent

Each Optionholder, without the need for any further act, irrevocably appoints each of Exoil and the Directors (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this Scheme.

9.9 Governing Law

The proper law of this Scheme is the law of the State of Victoria.

10. SCHEME PROVISIONS TO PREVAIL OVER CONSTITUTION

Insofar as any provision of this Scheme may be inconsistent with the provisions of the constitution of Exoil, then this Scheme shall prevail to the extent of any such inconsistency.

11. BINDING NATURE OF SCHEME

This Scheme shall bind Exoil and all Optionholders, including those who do not attend or vote at the Scheme Meeting convened by order of the Court in this matter.

SECTION 8

INDEPENDENT EXPERTS REPORT BY DMR CORPORATE

DMR CORPORATE

DMR

DMR Corporate Pty Ltd	A.C.N. 063 564 045
470 Collins Street	
Melbourne	Telephone (03) 9629 4277
Victoria 3000	Facsimile (03) 9629 4598
Australia	Web www.dmrporate.com.au

24 March 2011

The Chairman
Exoil Limited
Level 21, 500 Collins Street
Melbourne VIC 3000

Dear Sir,

Re: Independent Expert's Report

1. Introduction

You have requested DMR Corporate Pty Ltd ("DMR Corporate") to prepare an independent expert's report for the benefit of the shareholders and option holders of Exoil Limited ("Exoil") in respect of a proposed Scheme of Arrangement between Exoil and its shareholders ("Share Scheme") and a proposed Scheme of Arrangement between Exoil and its option holders ("Option Scheme").

Exoil is a public company whose shares are listed on the National Stock Exchange of Australia Limited ("NSX") with oil and gas exploration interests offshore of Western Australia, South Australia and Victoria, including an initial 50% interest in exploration permit WA-359-P.

The Scheme Booklet, of which this report forms part, outlines two proposals being put forward by Exoil.

The first proposal is a farmin by Moby into Exoil's residual interest in WA-359-P after Apache North West Pty Ltd ("Apache") has earned a 40% participating interest in that permit by having acquired and processed 1,000 km² of 3D seismic data over permits WA-359-P and WA-409-P. Under the farmin ("the Moby Farmin") Moby will acquire a 95% interest in Exoil's residual interest in WA-359-P by funding 100% of Exoil's work commitments and obligations that are not met by Apache, including work commitments and obligations under any renewal of exploration permit WA-359-P.

Separately Exoil has proposed:

- a Share Scheme under which the shareholders of Exoil other than Albers and his associates (the Non-Associated Shareholders) will have their Exoil shares cancelled in exchange for Moby issuing to them a total of approximately 33,823,265 new Moby shares, an exchange ratio of 1.35 new Moby shares for each Exoil share presently held; and

- an Option Scheme pursuant to which all Exoil option holders will have their options cancelled in exchange for 40,662,280 new Moby options, an exchange ratio of 1.35 new Moby options for each Exoil option presently held.

The proposals are to be effected pursuant to Part 5.1 of the Corporations Act 2001. For the Schemes of Arrangement to be implemented the Non-Associated Exoil shareholders and the Supreme Court of Victoria (“the Court”) must approve the Share Scheme and Exoil’s option holders and the Court must approve the Option Scheme.

Section 412 (1) of the Act requires that an explanatory statement (hereinafter referred to as the “Explanatory Booklet”) be forwarded to the Exoil shareholders and option holders, setting out the terms of the proposed Scheme of Arrangement and certain other information. Under Section 411, a Scheme of Arrangement must be approved by a majority in number (i.e. more than 50%) of each class of shareholder present and voting (either in person or by proxy) at the meeting, and by at least 75% of the votes cast by members of that class on the resolution. Failure of either one of the Schemes of Arrangement to be approved will result in the proposal not proceeding.

The Chairman of Exoil, being the only independent director, commissioned DMR Corporate to prepare an independent expert’s report to be included in the Explanatory Booklet advising whether, in the opinion of the expert:

- approval of the proposed Share Scheme is in the best interests of the Non-Associated Exoil shareholders (that is shareholders other than Albers and entities associated with Albers); and
- approval of the proposed Option Scheme is in the best interests of the Exoil option holders (including Albers and entities associated with Albers).

A copy of our report will accompany the Notice of Meeting and will be included as part of the Explanatory Booklet to be sent by Exoil to its shareholders and option holders.

2. Significant Background Information

At present Albers and his associates control 69.28% of Exoil’s voting power and the Non-Associated Shareholders hold the remaining 30.72% of the voting power.

Whilst the Exoil shares are listed on the NSX, in the past twelve months there have been no trades in Exoil shares.

Exoil’s statement of financial position as at 31 December 2010 (Section 7.5) shows that Exoil has total current assets of \$224,893 and current liabilities of \$1,892,957. The current liabilities include cash calls of \$1,809,181 in respect of the Braveheart joint venture. This amount is due and payable to interests associated with Albers by 7 July 2011. As Exoil does not have sufficient cash resources to discharge this liability, it may need to raise capital or dispose of one or more of its exploration assets.

One of Exoil’s key assets is an interest in WA-359-P in the Dampier Sub-basin. As announced on 21 October 2010, Exoil entered into a farmout agreement with Apache in respect of Exoil’s initial 50% participating interest in this exploration permit. As part of the same overall transaction, Apache has farmed into an adjacent permit, WA-409-P, in which Exoil has no participating interest, however in which Moby had an initial 50% participating interest.

Under the terms of the Agreements relating to both WA-359-P and WA-409-P, Apache has funded the acquisition, processing, mapping and interpretation of a 3D seismic survey of no less than 1,000 km². In return Apache has earned a 40% interest in both permits reducing Exoil's interest in exploration permit WA-359-P to 30% and reducing Moby's interest in exploration permit WA-409-P also to 30%.

Under the terms of the Agreements relating to both WA-359-P and WA-409-P, Apache has the option to drill one well anywhere in the area covered by the two permits. Whilst Exoil does not need to contribute to the cost of the well, if Apache elects to drill a well this will reduce Exoil's interest in WA-359-P to 15%. This reduction will occur even if the well drilled by Apache will be in WA-409-P.

If Apache elects to drill a well in WA-359-P, Exoil has an option to contribute 5% of the cost of the well and retain a 20% interest in WA-359-P.

3. Impact of the Proposed Schemes of Arrangement

3.1 Share Scheme

If the proposals set out in the Scheme Booklet of which this report forms part are all implemented and if the Share Scheme is approved by the Non-Associated Shareholders of Exoil and comes into effect under Part 5.1 of the Corporations Act 2001, then:

- Moby will gain a 95% interest in Exoil's residual interest in WA-359-P. As Apache has earned a 40% interest, Moby will have a 28.5% interest (95% of 30%) and Exoil will retain a 1.5% interest (5% of 30%).
- the Exoil shares held by the Non-Associated Shareholders will be cancelled and the Non-Associated Shareholders will receive 1.35 Moby shares for each Exoil share they currently hold.
- all of the remaining issued shares of Exoil will be held by Albers and his associates.
- the Non-Associated Shareholders of Exoil will become shareholders in Moby. They will together hold a 10.50% interest in Moby.
- Albers and associates will control 52.75% of Moby's voting power (they currently control 58.94% of Moby's voting power).

3.2 Option Scheme

If the proposed Option Scheme is approved by the option holders of Exoil, then:

- all Exoil options on issue will be cancelled and the option holders will receive 1.35 Moby options for each Exoil option they currently hold.

3.3 Share and Option Scheme

The two Schemes are conditional on one another. This means that unless the shareholders approve the Share Scheme and the option holders approve the Option Scheme, and Court approval is obtained for both Schemes, neither Scheme will proceed.

Exoil shareholders and option holders should refer to the Taxation Report that is included in Section 8 of the Scheme Booklet for a general outline of the taxation implications of the Schemes.

The terms and conditions of the proposed Schemes of Arrangement are detailed in the accompanying Scheme Booklet. The terms, which are defined in the Glossary to the Scheme Booklet, have the same meaning in this report unless otherwise defined herein.

Both the Share Scheme and the Option Scheme involve a ratio of 1.35 new Moby security for each Exoil security. To facility an understanding of the impact of the Schemes of Arrangement, in the balance of this report we have adopted a ratio of 135 new Moby securities for each 100 Exoil securities.

4. Summary Opinion

4.1 Share Scheme

Fairness

As the Share Scheme will result in Albers and his associates controlling 100% of Exoil, we have treated the Share Scheme as being effectively a takeover of Exoil and for this reason we have assessed fairness of the Share Scheme by comparing the value of an Exoil share on a control basis (\$0.07 per share – Section 8.5) with the value of a minority Moby share (\$0.053 to \$0.054).

The Share Scheme consideration offered to the Exoil shareholders are 135 Moby shares for each 100 Exoil shares current held. The fairness of the Share Scheme consideration may therefore be assessed as follows:

	Low	High
Value of 1 Exoil share (inclusive of control premium)	\$0.07	\$0.07
Value of a parcel of 100 Exoil shares	\$7.00	\$7.00
Value of 1 Moby share (excluding a control premium)	\$0.053	\$0.054
Value of a parcel of 135 Moby shares	\$7.16	\$7.29

As the value of each parcel of 135 Moby shares held by the Non-Associated Shareholders following implementation of the Share Scheme (\$7.16 to \$7.29) exceeds the value of each parcel of 100 Exoil shares currently held by them (\$7.00), we have concluded that the Share Scheme is **fair**.

Other Significant Factors

In Section 8.8 we concluded that the value of one Exoil share held by the Non-Associated Shareholders is \$0.039. This is our assessment of the current value of a minority share in Exoil and reflects the minimal liquidity of the NSX market. Using this minority value of Exoil shares we assessed the impact of the Share Scheme on the position of the Non-Associated Shareholders. This assessment is set out below:

	Low	High
Value of 1 Exoil share (valued on a minority interest basis and taking into account the illiquid nature of Exoil shares)	\$0.039	\$0.039
Value of a parcel of 100 Exoil shares	\$3.90	\$3.90
Value of 1 Moby share (excluding a control premium)	\$0.053	\$0.054
Value of a parcel of 135 Moby shares	\$7.16	\$7.29

As can be seen from the above analysis, in our opinion the Non-Associated Shareholders will replace a parcel of 100 Exoil shares that we have valued at \$3.90 with a parcel of 135 Moby shares that have a current market value in a range of \$7.16 to \$7.29. The uplift in value essentially reflects the elimination of the marketability discount that presently attaches to the Exoil shares.

The above points, together with the relatively poor financial position of Exoil, as discussed in Section 14, are the principle reasons why we consider that the proposed Share Scheme is **reasonable**.

Conclusion

In our opinion, the proposed Share Scheme is fair and reasonable and is in the best interests of the Non-Associated Shareholders of Exoil, in the absence of a superior offer being received.

4.2 Option Scheme

Fairness

In Section 9 we assessed the value one Exoil option at \$0.007 and in Section 12 we assessed the value of one Moby option to be issued to the Exoil option holders in a range of \$0.013 to \$0.014 per option.

The Option Scheme consideration offered to the Exoil option holders are 135 Moby options for each 100 Exoil options current held. The fairness of the Option Scheme consideration can therefore be assessed as follows:

	Low	High
Value of 1 Exoil option	\$0.007	\$0.007
Value of a parcel of 100 Exoil options	\$0.70	\$0.70
Value of 1 Moby option	\$0.013	\$0.014
Value of a parcel of 135 Moby options	\$1.76	\$1.89

As the value of each parcel of 135 Moby options held by the option holders following implementation of the Option Scheme (\$1.76 to \$1.89) exceeds the value of each parcel of 100 Exoil options currently held by them (\$0.70), we have concluded that the Option Scheme is **fair**.

Conclusion

In our opinion, the proposed Option Scheme is fair and reasonable and is in the best interests of the Exoil option holders, in the absence of a superior offer being received.

5. Structure of this Report

This report is divided into the following Sections:

Section		Page
6	Purpose of the Report	6
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8	Exoil – Valuation of Shares	11
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A	Effect of the Proposed Scheme on Albers and His Associates	32
B	Sources of Information	33
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D	Independent Specialist’s Report from SRK Consulting (Australasia) Pty Ltd	35

6. Purpose of the Report

The proposed farmin by Moby into WA-359-P and the restructuring of Exoil’s capital is to be implemented by way of two Schemes of Arrangement under Section 411 of the Act.

Section 411 of the Act provides that where a Scheme of Arrangement is proposed between a company and its members or any class of them, the Court may order that a meeting of members or meetings of classes of members be convened. Section 412 (1) provides that where a meeting is convened under Section 411, the notice sent to members convening the meeting shall include an explanatory statement that includes prescribed information.

Regulation 8303 to the Act prescribes that if:

- (a) a director of any corporation that is the other party to a proposed reconstruction or amalgamation holds more than 30% of the voting shares in the company; or
- (b) a director of any corporation that is the other party to a proposed reconstruction or amalgamation is a director of a company the subject of the scheme;

the Explanatory Booklet must be accompanied by a copy of a report made by an expert who is not associated with the corporation that is the other party, stating whether or not, in his opinion, the proposed scheme is in the best interests of the members of the company the subject of the scheme and setting out his or her reasons for that opinion.

As Albers and associates hold a 69.28% interest in Exoil and as Messrs. Albers and Menzies are directors of both Exoil and Moby there is a requirement for an independent expert’s report to be included in the Explanatory Booklet.

Mr. James M D Willis, as the only independent director of Exoil has requested that we prepare an independent expert’s report for the benefit of the Exoil shareholders and option holders stating whether or not, in our opinion, the proposed Schemes of Arrangement are in the best interests of Exoil’s Non-Associated shareholders and option holders, and setting out our reasons for those opinions.

Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111 – Content of Expert Reports (“RG111”) details the approach that an expert should take in preparing an expert report pursuant to Ch 5 of the Act.

RG111.4 states:

“In deciding on the appropriate form of analysis for a report, an expert should bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the proposed transaction. An expert should focus on the purpose and outcome of the transaction, that is, the substance of the transaction, rather than the legal mechanism used to effect the transaction.”

RG111.15 states:

“Schemes of arrangement can be used as an alternative to a Ch 6 takeover bid to achieve substantially the same outcome. In these circumstances, we expect the form of analysis to be substantially the same as a takeover bid, even though the wording of the opinion will also be whether the proposed scheme is ‘in the best interests of the members of the company’. This reflects that the legislative test for schemes of arrangements differs from that applicable to a Ch 6 takeover bid.”

Regulatory Guide 111 also states that:

- Fair - “an offer is “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer.”
- Reasonable - “an offer is “reasonable” if it is fair. It might also be “reasonable” if, despite being “not fair” the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.”

The methodology that we have used to form an opinion as to whether the Schemes of Arrangement are in the best interests of the Exoil shareholders and option holders can be summarised as follows:

- (i) In determining whether each of the Schemes is fair we have:
 - (a) **Share Scheme**
 - valued one Exoil share and one Moby share and compared the value of 100 Exoil shares with the value of 135 Moby shares.
 - (b) **Option Scheme**
 - valued one Exoil option and one Moby option proposed to be issued to the Exoil option holders and compared the value of 100 Exoil options with the value of 135 Moby options.
- (ii) In determining whether the Schemes of Arrangement are reasonable, we have analysed other significant factors, which the Exoil shareholders and option holders should consider before they vote on the Schemes of Arrangement in the absence of a superior offer.
- (iii) In determining whether the proposed Schemes of Arrangement are in the best interests of the Exoil shareholders and option holders, we have considered and concluded upon the results of (i) and (ii) above.

7. Exoil – Key Information

7.1 Background

Exoil was incorporated in July 1979 as Otway Oil & Gas N.L, before changing its status to a proprietary company in August 1991. In March 2004 it changed its name to Exoil Pty Ltd and finally in May 2004 it changed its status to that of a public company.

Exoil shares were listed on the NSX in December 2008.

Exoil's present oil and gas assets comprise of:

Permit	Location	Interest
WA-359-P	Dampier Sub-basin	30%
WA-333-P	Browse Basin	25.375%
WA-342-P	Browse Basin	13.1%
Vic/P45	Gippsland Basin	50%
T37P	Bass Basin	50%
T38/P	Bass Basin	50%
EPP34	Otway Basin	15%
EPP35	Otway Basin	30%

Detailed information in respect of each of the above permits is set out in Appendix D to this report.

7.2 Exoil's Directors

The table below details Exoil's Board of Directors.

Directors	Position
J M D Willis	Chairman
E G Albers	Non-Executive Director
G A Menzies	Non-Executive Director

7.3 Share Capital

As at the date of this report Exoil had on issue 81,550,523 fully paid ordinary shares. The 10 largest shareholders of Exoil's ordinary shares as at 20 January 2011 were as follows:

	Number	Percentage
Great Australia Corporation Pty Ltd	31,864,834	39.07%
Faith Hope & Charity Pty Ltd	5,500,000	6.74%
Great Missenden Holdings Pty Ltd	4,167,000	5.11%
Batavia Oil & Gas Pty Ltd	3,320,000	4.07%
National Oil & Gas Pty Ltd	3,300,000	4.05%
Bass Strait Group Pty Ltd	2,833,334	3.47%
Auralandia N.L.	2,500,000	3.07%
Peppercorn Hill Pty Ltd	2,500,000	3.07%
Gascorp Australia Pty Ltd	2,500,000	3.07%
M A Muzzin	1,556,250	1.91%
	<u>60,041,418</u>	<u>73.63%</u>

Source: Exoil share register as at 20 January 2011

Exoil also has listed and unlisted options on issue. There are 5,500,000 unlisted options on issue and 24,620,208 listed options on issue. The unlisted options were originally exercisable at \$0.20 per share and were due to expire on 30 June 2011, and the listed options were exercisable at \$0.12 per share and were due to expire on 30 June 2012. On 17 February 2011 Exoil announced that the exercise price of the unlisted options was reduced to \$0.12 per share and the expiry date of all of the options had been changed so that all the options now expire on 30 June 2013. As a result of these changes, Exoil now has only one class of options on issue.

The 10 largest holders of Exoil's listed options as at 12 January 2011 were as follows:

	Number	Percentage
Faith Hope & Charity Pty Ltd	4,400,000	17.87%
Batavia Oil & Gas Pty Ltd	2,400,000	9.75%
Great Missenden Holdings Pty Ltd	2,000,000	8.12%
National Oil & Gas Pty Ltd	2,000,000	8.12%
Auralandia N.L.	2,000,000	8.12%
Gascorp Australia Pty Ltd	2,000,000	8.12%
Bass Strait Group Pty Ltd	1,600,000	6.50%
Mr. E G Albers	1,200,000	4.87%
Ultragas Resources Pty Ltd	855,549	3.47%
Capricorn Mining Pty Ltd	800,000	3.25%
	<u>19,255,549</u>	<u>78.21%</u>

Source: Exoil option register as at 12 January 2011

7.4 Financial Position

Exoil's net assets as at 30 June 2009, 30 June 2010 as well as at 31 December 2010 were as follows:

	30 June 2009 Audited \$	30 June 2010 Audited \$	31 December 2010 Reviewed \$
Current Assets			
Cash and cash equivalents	548,415	647,612	133,341
Trade and other receivables	97,430	169,017	91,552
Total Current Assets	<u>645,845</u>	<u>816,629</u>	<u>224,893</u>
Non-Current Assets			
Other financial assets	70	70	-
Exploration and evaluation assets	2,274,926	3,875,035	3,958,904
Property, plant and equipment	66,624	56,190	51,824
Total Non-Current Assets	<u>2,341,620</u>	<u>3,931,295</u>	<u>4,010,728</u>
Total Assets	<u>2,987,465</u>	<u>4,747,924</u>	<u>4,235,621</u>
Current Liabilities			
Trade and other payables	253,676	2,302,243	1,892,957
Total Current Liabilities	<u>253,676</u>	<u>2,302,243</u>	<u>1,892,957</u>
Non Current Liabilities			
Deferred tax liabilities	46,647	-	-
Total Non Current Liabilities	<u>46,647</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>300,323</u>	<u>2,302,243</u>	<u>1,892,957</u>
NET ASSETS	<u>2,687,142</u>	<u>2,445,681</u>	<u>2,342,664</u>

Source: Exoil's 2010 Annual Report and 31 December 2010 Half Year Report.

7.5 Financial Performance

Exoil's Statements of Comprehensive Income for the years ended 30 June 2009 and 2010 and for the half year ended 31 December 2010 were as follows:

	Year Ended 30 June 2009 Audited \$	30 June 2010 Audited \$	Six Months Ended 31 December 2010 Reviewed \$
Profit on sale of tenement information	459,963	3,093,285	-
Recovery of administration costs	173,851	216,477	-
Interest income	11,932	9,514	-
Other income	-	-	114,221
Total revenue	645,746	3,319,276	114,221
Audit fees	(41,000)	(42,000)	-
Consulting fees	(146,468)	(86,408)	(21,822)
Directors fees	(22,500)	-	-
Legal fees	(25,000)	(8,833)	-
Management fees	(96,348)	(60,465)	-
Office costs	(94,895)	(79,348)	(37,253)
Other expenses	(12,944)	(62,741)	(13,684)
Rent	(168,501)	(174,160)	(89,195)
Impairment of investments	(24,497)	-	-
Impairment of exploration assets	(1,843,524)	(5,942,843)	(14,601)
Share based payments	(44)	(3,442)	-
Depreciation expense	(13,427)	(12,759)	-
Administration	-	-	(40,683)
Loss before tax	<u>(1,843,902)</u>	<u>(3,153,723)</u>	<u>(103,017)</u>
Income tax benefit/(expense)	527,214	46,647	-
Loss after tax	<u>(1,316,688)</u>	<u>(3,107,076)</u>	<u>(103,017)</u>
Other comprehensive income	-	-	-
Total comprehensive income for the year, net of tax	<u>(1,316,688)</u>	<u>(3,107,076)</u>	<u>(103,017)</u>

Source: Exoil's 2010 Annual Report and 31 December 2010 Half Year Report.

7.6 Cash Flow Statements

Exoil's Cash Flow Statements for the financial years ended 30 June 2009 and 2010 and for the half year ended 31 December 2010 were as follows:

	Year Ended 30 June 2009 Audited \$	30 June 2010 Audited \$	Six Months Ended 31 December 2010 Reviewed \$
Cash Flows From Operating Activities			
Payments to other suppliers and employees	(607,699)	(584,567)	(187,514)
Payments to suppliers – exploration	(538,638)	(5,534,100)	(436,864)
Interest received	11,932	9,514	5,547
Administration fee received	173,851	216,477	106,597
Proceeds from sale of tenement information	540,000	3,133,000	-
Net cash (outflow) from operating activities	<u>(420,554)</u>	<u>(2,759,676)</u>	<u>(512,234)</u>
Cash Flows From Financing Activities			
Proceeds from new share issue	-	3,075,526	-
Share issue costs	-	(213,353)	-
Proceeds of advances	-	130,671	-
Repayment of advances	-	(130,671)	-
Net cash inflow/(outflow) from financing activities	<u>-</u>	<u>2,862,173</u>	<u>-</u>
Cash Flows From Investing Activities			
Proceeds from sale of investments	-	-	333
Payments for office equipment	(2,019)	(3,300)	(2,370)
	<u>(2,019)</u>	<u>(3,300)</u>	<u>(2,037)</u>
Net (decrease)/increase in cash and cash equivalents	(422,572)	99,197	(514,271)
Cash and cash equivalents as at 1 July	970,987	548,415	647,612
Cash and Cash Equivalents as at 30 June	<u>548,415</u>	<u>647,612</u>	<u>133,341</u>

Source: Exoil's 2010 Annual Report and 31 December 2010 Half Year Report.

8. Exoil – Valuation of Shares

8.1 Valuation Methodologies

For the purposes of this report we have defined 'fair market value' as 'the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length'.

There are various primary methodologies commonly used for valuing businesses and they include:

- discounted cash flow
- capitalization of future maintainable earnings
- share price history
- asset based methods that estimate the market value of a company's securities based on the realizable value of its identifiable net assets. Asset based methods include:
 - orderly realization of assets method
 - liquidation of assets method
 - net assets on a going concern

- comparable market transactions
- any recent genuine offers received for any business units or assets as a basis for a valuation of those business units or assets

Each of the above valuation methodologies may be applicable in different circumstances and our opinion on each is summarized below.

8.2 Discounted Cash Flow

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

As Exoil's principal assets are interests in oil and gas exploration permits, none of which contain known commercial oil or gas reserves, it is not possible to determine reliable long-term cash flow forecasts and this valuation methodology is therefore considered to be not applicable.

8.3 Capitalisation of Future Maintainable Earnings

Capitalisation of earnings is a method commonly used for valuing businesses where a future 'maintainable' earnings stream can be established with a reasonable degree of confidence. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

As Exoil is an oil and gas exploration company and as it does not have a history of profitable trading, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value Exoil and its shares.

8.4 Share Price History

This methodology estimates the value of a company by reference to the past market value of its shares.

Share Trades

Whilst Exoil shares have been listed on the NSX since December 2008, there have only been two trades in its shares since listing. Both trades took place on 25 January 2010 at a price of \$0.03 per share. In total 100,000 shares were traded with a total value of \$3,000.

Given that the above share trades took place approximately one year ago, and given the low volume and value of the shares traded, the past trading in Exoil shares does not provide relevant evidence of the current value of Exoil or its shares.

Capital Raisings

In November 2009 Exoil sought to raise \$5,077,526 via a non-renounceable entitlements offer at \$0.10 per share (with attaching options). The offer raised \$2,170,582, plus a further \$900,000 that was contributed by the underwriter. Exoil has not raised any further capital since that time.

Conclusion

As all available share price history relates to events that are more than one year old, we have concluded that no relevant evidence exists that would enable us to utilize this valuation methodology.

8.5 Asset Based Methods**Net Assets on a Going Concern Basis**

The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

Orderly Realisation

The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets or business segments on the basis of an assumed orderly realisation. This method is frequently used when the earnings of a company are not sufficient to support the underlying value of its net asset base. Costs associated with the sale of the assets or business segments are deducted as part of the assessment.

Liquidation

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate.

As the nature of Exoil's principal assets are interests in oil and gas exploration permits, we consider that the Exoil valuation should be based on the 'Net Assets on a Going Concern Basis'. We have estimated the fair market values of the assets utilizing company accounting records, discussions with a director of Exoil and an independent specialist's report prepared for us by SRK Consulting (Australasia) Pty Ltd ("SRK"). We have reviewed the SRK report and we consider that the specialist has used assumptions and methodologies that appear to be reasonable and has drawn on source data, which appears to be appropriate in the circumstances. A copy of the SRK report is attached as Appendix D to this report.

Set out below is a summary of Exoil's net assets on a going concern basis:

	Reviewed 31 December 2010 \$	Pro forma \$
Current Assets		
Cash and cash equivalents	133,341	133,341
Trade and other receivables	91,552	91,552
Total Current Assets	<u>224,893</u>	<u>224,893</u>
Non-Current Assets		
Exploration and evaluation assets (Note 1)	3,958,904	7,317,347
Property, plant and equipment	51,824	51,824
Total Non-Current Assets	<u>4,010,728</u>	<u>7,369,171</u>
Total Assets	<u>4,235,621</u>	<u>7,594,064</u>
Current Liabilities		
Trade and other payables	1,892,957	1,892,957
Total Current Liabilities	<u>1,892,957</u>	<u>1,892,957</u>
Total Liabilities	<u>1,892,957</u>	<u>1,892,957</u>
NET ASSETS	<u>2,342,664</u>	<u>5,701,107</u>

Source: Exoil 31 December 2010 reviewed report and DMR Corporate analysis

Note 1 - Exploration and evaluation assets have been valued by SRK as the independent technical expert. A copy of the SRK report is attached as Appendix D to this report.

Note 2 - In view of existing tax losses, no deferred tax liability has been recorded in respect of the difference between the exploration and evaluation asset at valuation and its historical cost base.

Based on the above information, we consider that Exoil is valued at \$5,701,107, say \$5,700,000.

8.6 Recent Offers or Comparable Market Transactions

Theoretically these are sound valuation methodologies as they are based on tangible evidence of other offers received or on similar transactions.

No recent offers have been made for Exoil and it would be unlikely that an offer would be made without the support of Albers and his associates.

We have not attempted to conduct a valuation based on comparable market transactions as we had mandated SRK to prepare a specialist report on this basis and we have incorporated their valuation figures in our assessment of the value of Exoil's net assets on a going concern basis in Section 8.5 above.

8.7 Conclusion – Value of Exoil

Having reviewed a range of generally accepted valuation methodologies, we have concluded that the only methodology applicable to a valuation of Exoil is the net assets on a going concern methodology. We have therefore valued Exoil at \$5,700,000.

8.8 Conclusion – Value of Exoil Shares

The value of Exoil determined in the preceding paragraph is a control value for 100% of the shares on issue.

As Exoil has 81,550,523 shares on issue, the proportional value of each share is \$0.07 per share (\$5,700,000 / 81,550,523).

The above value is a control value, that is it assumes control of the underlying assets. In the present circumstances Albers and associates control 69.28% of Exoil's voting power and the shares held by the Non-Associated Shareholders are minority shares, that is, they do not attract a control premium.

A control premium represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of the company could be acquired. Control premiums are normally in a range of 20% to 30%¹ above the value of a minority share. The actual control premium paid is transaction specific and depends on a range of factors, such as the level of synergies available to the purchaser, the level of competition for the assets and the strategic importance of the assets.

Whilst Exoil is listed on the NSX, as demonstrated in Section 8.4 above, there is in reality no market in Exoil shares and Exoil is for all practical purposes unlisted. In valuing unlisted shares it is necessary to consider a discount for lack of marketability. Pratt² discusses and summarises a number of studies of the discounts for lack of marketability in the United States. Studies of prices of restricted stocks revealed that prior to 1990 restricted stock sold at a discount of 33% to 35% compared to listed stock of the same company. More recent studies show a smaller discount however this is thought to be the result of loosened restrictions on stock transferability. Studies that compared the share prices of private companies that eventually completed an initial public offering indicate a marketability discount of approximately 45%. This measure of discount is also likely to capture a discount due to differences between private and public company management and the lower perceived risk of an investment in a public company (regulatory and independent board oversight).

Pratt concluded that the magnitude of the discount for lack of marketability is influenced by:

- the size of distributions during the holding period
- prospects for liquidity
- size of the potential pool of buyers for the interest
- risk factors affecting the issuing company during the holding period.

Australian professional literature suggests that the discount for non-negotiability is generally in a range of 10% to 25%³.

After considering the above discussion, we have concluded that a minority discount of 20% (this represents a control premium of 25%) is appropriate. We also consider that a marketability discount of 30% is appropriate.

¹ RSM Bird Cameron Control Premium Study – September 2010.

² Shannon P. Pratt Business Valuation Discounts and Premiums, 2001

³ Wayne Lonergan "The Valuation of Businesses, Shares and Other Equity" 4th Edition page 129

Rather than apply the above two discounts consecutively, it is generally accepted that they be applied as a composite discount. The composite discount is mathematically represented as:

$$\text{Composite discount} = 1 - [1 \times (1 - \text{MD}) \times (1 - \text{CD})]$$

Where:

MD = the marketability or negotiability discount	30%
CD = the lack of control or minority discount	20%

Applying the above formula results in a composite discount of 44.0% and after applying this discount to share price of \$0.07 results in a value per share of \$0.039. This value represents our assessment of the value of the Exoil shares held by the Non-Associated Shareholders.

9. Valuation of the Exoil Options

Exoil has a total of 30,120,208 options on issue. All of the options are exercisable at \$0.12 per share and expire on 30 June 2013. Whilst 24,620,208 of the options are listed on the NSX, no options have ever been traded and consequently the market value of the options cannot be observed.

The options can be valued using an option-pricing model such as the Black-Scholes model. This model values an option as a function of the following variables:

- 1) the current share price of the underlying shares
- 2) exercise price of the option
- 3) volatility of the share price
- 5) time to maturity
- 6) risk free rate of interest

Set out below is a discussion of each of the inputs into the option valuation model:

Current Share Price of the Underlying Shares

Generally the most recent share price is used or, where the shares are thinly traded, an average of the most recent trades. In the case of Exoil, the only trades on the NSX occurred more than one year ago and we therefore cannot base the option valuation on recent trading in Exoil shares. We have therefore used the share price of \$0.039, as determined in Section 8 above.

Exercise Price of the Option

All of the options are exercisable at \$0.12 per share.

Volatility of the Share Price

This is a critical input into the option valuation. The volatility factor used should reflect the expected future volatility in the underlying share price. This is usually estimated by reference to historical volatility. Where the underlying shares are thinly traded or have a limited trading history, such as recently listed companies, we generally estimate the expected future volatility by reference to the volatility of comparable listed companies.

As there have been effectively no trades in Exoil shares, there is no historical volatility. We therefore cannot estimate the future volatility by reference to past trading in Exoil shares. In fact if there continues to be no trading in Exoil shares between the present point in time and the expiry date of the options, there would also be no volatility and, as the options are out of the money, we would be led to the conclusion that the options have a nil value.

As the Exoil shares are listed, we cannot predict that a market in Exoil shares will not develop. We have therefore estimated the expected future volatility by reference to a number of comparable ASX listed companies. The average share price volatility of these companies was 76% and we have adopted this volatility in our calculations.

Time to Maturity

All of the options are scheduled to expire on 30 June 2013.

Risk Free Rate of Interest

We have used a rate of 5.08%. This is based on Treasury Bond yields with maturities approximating the maturity date of the options.

Based on the above inputs and using the Black-Scholes option-pricing model we have valued the options at \$0.007 per option. We stress that this value is critically dependent on the assumption as to future volatility. Based on any volatility below 30% the option value rounds down to nil. Unless a market develops in Exoil shares or the underlying value of Exoil shares exceeds the exercise price of \$0.12, the options will have a nil value.

10. Moby – Key Information**10.1 Background**

Moby was incorporated in October 2003 with its principal activities stated to be exploration for oil and gas in Australian offshore waters. Moby currently holds direct interests in nine Australian petroleum exploration permits with three of these in the Gippsland Basin, two in the Otway Basin, two in the Browse Basin and two in the Carnarvon Basin.

Moby's present oil and gas assets comprise of:

Permit	Location	Interest
WA-333-P	Browse Basin	26.4375%
WA-342-P	Browse Basin	22.375%
WA-360-P	Carnarvon Basin	10%
WA-409-P	Carnarvon Basin	30%
Vic/P47	Gippsland Basin	35%
Vic/P45	Gippsland Basin	50%
Vic/P41	Gippsland Basin	25%
EPP34	Otway Basin	20%
EPP35	Otway Basin	20%

Detailed information in respect of each of the above permits is set out in Appendix D to this report.

10.2 Moby's Directors

The table below details Moby's Board of Directors.

Directors	Position
E G Albers	Chairman
L E Coburn	Non-Executive Director
G A Menzies	Non-Executive Director

10.3 Share Capital

As at the date of this report Moby had 288,177,593 fully paid ordinary shares on issue. The 10 largest shareholders of Moby's ordinary shares as at 25 February 2011 were as follows:

	Number	Percentage
Gascorp Australia Pty Ltd	121,500,000	42.16%
Strata Resources NL	11,548,806	4.01%
Great Australia Corporation Pty Ltd	9,145,596	3.17%
Great Missenden Holdings Pty Ltd	5,406,200	1.88%
Mr. EG Albers	4,750,000	1.65%
Sacrosanct Pty Ltd	4,547,771	1.58%
ICM Investments Pty Ltd	3,933,700	1.37%
Mr. Harley Rexhep	2,900,000	1.01%
Australis Finance Pty Ltd	2,369,656	0.82%
Bass Strait Group Pty Ltd	2,160,168	0.75%
	<u>168,261,897</u>	<u>58.39%</u>

Source: Moby share register as at 25 February 2011

Albers and his associates control 169,850,259 Moby shares, representing 58.94% of Moby's voting power.

Moby also has 2,700,000 options on issue to acquire fully paid ordinary shares. The options are exercisable at \$0.25 per share and expire on 10 November 2013. The options are unlisted.

10.4 Financial Position

Moby's net assets as at 30 June 2009, 30 June 2010 as well as at 31 December 2010 were as follows:

	30 June 2009 Audited \$	30 June 2010 Audited \$	31 December 2010 Unaudited \$
Current Assets			
Cash and cash equivalents	471,646	2,674,605	4,374,547
Trade and other receivables	29,627	148,347	34,217
Total Current Assets	<u>501,273</u>	<u>2,822,952</u>	<u>4,408,764</u>
Non-Current Assets			
Exploration and evaluation assets	3,735,702	34,312,847	11,772,525
Total Non-Current Assets	<u>3,735,702</u>	<u>34,312,847</u>	<u>11,772,525</u>
Total Assets	<u>4,236,975</u>	<u>37,135,799</u>	<u>16,181,289</u>
Current Liabilities			
Trade and other payables	136,007	5,727,465	267,307
Total Current Liabilities	<u>136,007</u>	<u>5,727,465</u>	<u>267,307</u>
Total Liabilities	<u>136,007</u>	<u>5,727,465</u>	<u>267,307</u>
NET ASSETS	<u>4,100,968</u>	<u>31,408,334</u>	<u>15,913,982</u>

Source: Moby's 2010 Annual Report and 31 December 2010 draft Half Year Report.

10.5 Financial Performance

Moby's Statements of Comprehensive Income for the years ended 30 June 2009 and 2010 and for the half year ended 31 December 2010 were as follows:

	Year Ended 30 June 2009 Audited \$	30 June 2010 Audited \$	Six Months Ended 31 December 2010 Unaudited \$
Interest income	37,414	31,808	27,944
Recovery of exploration costs previously written off	-	-	234,802
Total revenue	<u>37,414</u>	<u>31,808</u>	<u>262,746</u>
Audit and other related fees	(36,159)	(46,402)	
Consulting fees	(30,912)	(208,718)	(48,575)
Directors' remuneration	(112,862)	(111,200)	(33,790)
Management fees	(71,323)	(117,805)	(59,218)
Office costs	(22,661)	(25,468)	
Printing and stationery	(8,429)	(26,480)	
Relocation expense	(12,500)	-	-
Impairment of exploration assets	(3,619,316)	(9,760,007)	(15,338,610)
Stock exchange and registry costs	(40,171)	(58,051)	(73,640)
Interest expense	-	(15,329)	(113,904)
Foreign exchange loss	(7,553)	(42,994)	(17,936)
Share based payment expense	-	-	(151,470)
Other expenses	(6,930)	(26,764)	(71,425)
Loss before tax	<u>(3,931,402)</u>	<u>(10,407,410)</u>	<u>(15,645,822)</u>
Income tax benefit/(expense)	-	-	-
Loss after tax	<u>(3,931,402)</u>	<u>(10,407,410)</u>	<u>(15,645,822)</u>
Other comprehensive income	-	-	-
Total comprehensive income for the year, net of tax	<u>(3,931,402)</u>	<u>(10,407,410)</u>	<u>(15,645,822)</u>

Source: Moby's 2010 Annual Report and 31 December 2010 draft Half Year Report.

10.6 Cash Flow Statements

Moby's Cash Flow Statements for the financial years ended 30 June 2009 and 2010 and for the half year ended 31 December 2010 were as follows:

	Year Ended 30 June 2009 Audited \$	30 June 2010 Audited \$	Six Months Ended 31 December 2010 Unaudited \$
Cash Flows From Operating Activities			
Payments to suppliers - exploration	(877,372)	(15,048,677)	(2,602,136)
Payments to suppliers - other	(310,863)	(554,587)	(386,257)
Advance – joint venture related parties	(189,135)	-	-
Interest received	33,233	31,808	27,944
Proceeds from permit sale	-	1,759,944	5,559,677
Net cash (outflow) from operating activities	<u>(1,344,137)</u>	<u>(13,811,512)</u>	<u>2,599,228</u>
Cash Flows From Financing Activities			
Proceeds from share issue	-	16,318,755	-
Share issue costs	-	(907,920)	-
Repayment of borrowings	-	-	(615,284)
Proceeds from borrowings	-	600,000	-
Net cash inflow/(outflow) from financing activities	<u>-</u>	<u>16,010,835</u>	<u>(615,284)</u>
Cash Flows From Investing Activities			
Cash from share based payment	-	3,636	-
	<u>-</u>	<u>3,636</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(1,344,137)	2,202,959	1,983,944
Exchange losses	-	-	(284,002)
Cash and cash equivalents as at 1 July	1,815,783	471,646	2,674,605
Cash and Cash Equivalents as at 30 June	<u>471,646</u>	<u>2,674,605</u>	<u>4,374,547</u>

Source: Moby's 2010 Annual Report and 31 December 2010 draft Half Year Report.

11. Moby – Valuation of Shares

11.1 Valuation Methodologies

The definition in respect of 'fair market value' and the various valuation methodologies that may be applicable were detailed in Section 8.1 and they are also applicable to a valuation of the Moby shares.

We comment below on each of the above valuation methodologies and their applicability to a valuation of the Moby shares.

11.2 Discounted Cash Flow

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

As Moby's principal assets are interests in oil and gas exploration permits, it is not possible to determine reliable long-term cash flow forecasts and this valuation methodology is therefore considered to be not applicable.

11.3 Capitalisation of Future Maintainable Earnings

Capitalisation of earnings is a method commonly used for valuing businesses where a future ‘maintainable’ earnings stream can be established with a reasonable degree of confidence. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

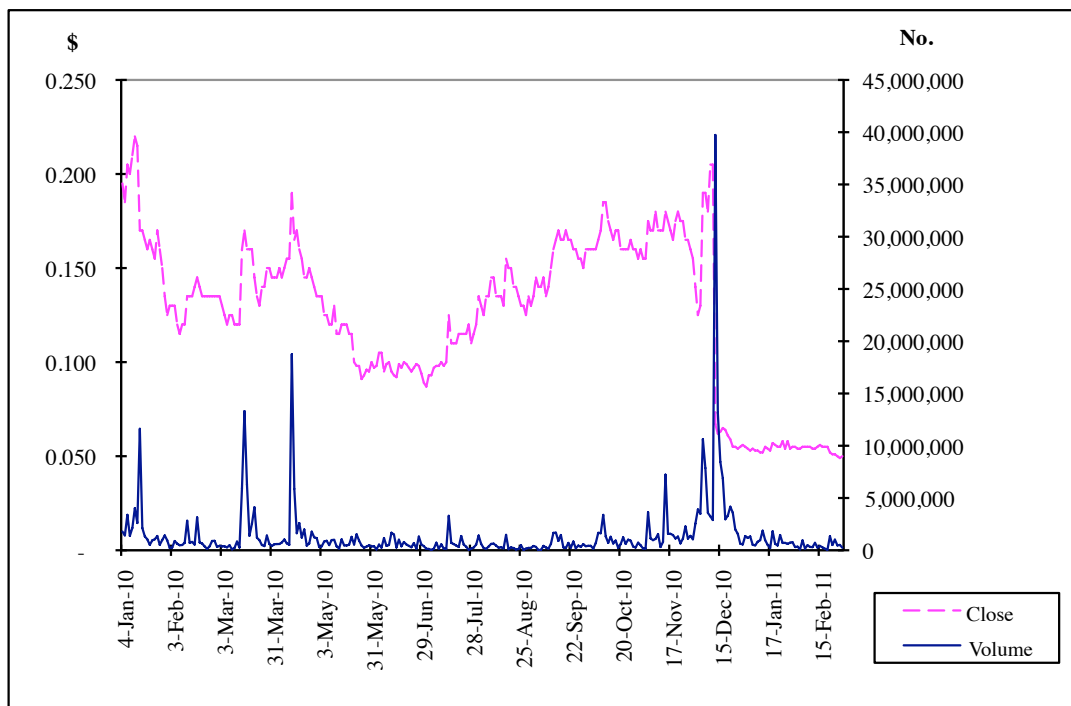
As Moby is an oil and gas exploration company and as it does not have a history of profitable trading, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value Moby and its shares.

11.4 Share Price History

A table of the share price history of Moby between 1 January 2010 and 28 February 2011 is presented below:

Month	Share Price			Volume	Value
	High \$	Low \$	Average \$		
2010					
January	0.225	0.135	0.183	39,695,545	7,259,389
February	0.155	0.115	0.134	16,735,019	2,243,657
March	0.190	0.115	0.156	42,710,969	6,675,933
April	0.210	0.135	0.170	42,359,380	7,197,985
May	0.140	0.087	0.113	13,782,373	1,554,615
June	0.110	0.088	0.097	13,333,054	1,290,740
July	0.130	0.086	0.114	10,788,050	1,228,968
August	0.155	0.120	0.139	8,503,453	1,185,542
September	0.175	0.130	0.159	12,147,882	1,928,584
October	0.185	0.155	0.169	19,215,468	3,256,231
November	0.190	0.150	0.172	32,175,098	5,543,204
December	0.215	0.053	0.098	126,567,252	12,347,288
2011					
January	0.062	0.052	0.054	16,678,281	907,712
February	0.056	0.047	0.053	8,885,114	470,921
				<u>403,576,938</u>	<u>53,090,770</u>

The following graph sets out the daily trading volumes and closing prices:



Source: DMR Corporate analysis

Analysis

In the period from 1 January 2010 to 28 February 2011 there have been 403,576,938 shares traded and this represents approximately 140% of the company's total issued shares. Based on this information we consider that the market in Moby shares is liquid.

Between 24 November 2010 and 13 December 2010 the Artemis 1 prospect was drilled (WA-360-P) in which Moby had a 10% interest. Prior to the start of trading on 13 December 2010 Moby advised the ASX that no hydrocarbons were encountered and the well was being plugged and abandoned. The Moby shares closed at \$0.205 per share on 10 December 2010 and on 13 December 2010 the opening share price was \$0.065 per share. We consider that the trading in Moby shares up to 10 December 2010 is not relevant in considering the current value of its shares.

In the period since 13 December 2010 the Moby shares have traded in a range of \$0.047 to \$0.078 per share. The Volume Weighted Average Price based on daily closing prices ("VWAP") in this period is \$0.062 on a volume of 113,715,586 shares. In the past 60 days the Moby shares have traded in a range of \$0.047 to \$0.062 and the VWAP was \$0.054 per share on a volume of 28,111,536 shares and in the past 30 days the Moby shares have traded in a range of \$0.047 to \$0.056 and the VWAP was \$0.053 per share on a volume of 9,650,114.

Based on the share price history we consider that the Moby shares are valued in a range of \$0.053 to \$0.054.

11.5 Asset Based Valuation Methodologies

The various Asset Based Valuation methodologies are discussed in Section 8.5 above. We have reviewed these methodologies and due to Moby's principal assets being interests in oil and gas exploration and development, we consider that the Moby valuation should be based on the 'Net Assets on a Going Concern Basis'. In applying this valuation methodology we have estimated the fair market values of the assets utilizing company accounting records, discussions with a director of Moby and an independent expert technical report prepared by SRK. A copy of the SRK report is attached as Appendix D to this report.

A summary of Moby's net assets on a going concern basis:

	Unaudited 31 December 2010 \$	Pro forma Before Scheme \$	Pro forma After Scheme \$
Current Assets			
Cash and cash equivalents	4,374,547	4,374,547	4,374,547
Trade and other receivables	34,217	34,217	34,217
Total Current Assets	<u>4,408,764</u>	<u>4,408,764</u>	<u>4,408,764</u>
Non-Current Assets			
Exploration and evaluation assets (Notes)	11,772,525	12,265,678	13,598,674
Total Non-Current Assets	<u>11,772,525</u>	<u>12,265,678</u>	<u>13,598,674</u>
Total Assets	<u>16,181,289</u>	<u>16,674,442</u>	<u>18,007,438</u>
Current Liabilities			
Trade and other payables	267,307	267,307	267,307
Total Current Liabilities	<u>267,307</u>	<u>267,307</u>	<u>267,307</u>
Total Liabilities	<u>267,307</u>	<u>267,307</u>	<u>267,307</u>
NET ASSETS	<u>15,913,982</u>	<u>16,407,135</u>	<u>17,740,131</u>
Net Assets per Share	<u>\$0.055</u>	<u>\$0.057</u>	<u>\$0.055</u>

Note 1 - Exploration and evaluation assets have been valued by SRK as the independent technical expert. A copy of the SRK report is attached as Appendix D to this report.

Note 2 - In view of existing tax losses, no deferred tax liability has been recorded in respect of the difference between the exploration and evaluation asset at valuation and its historical cost base.

Note 3 - Exploration and evaluation assets after the proposed Scheme include 95% of the value of Exoil's interest in exploration permit WA-359-P.

Moby has 288,177,593 shares on issue. This means that the net asset value per share is \$0.057 (\$16,407,135 / 288,177,593). The value of \$0.057 represents a control value. Following completion of the proposed Scheme, Moby will have 322,000,859 shares on issue. This means that the net asset value on a pro forma basis will be \$0.055 per share (\$17,740,131 / 322,000,859).

11.6 Recent Offers or Comparable Market Transactions

No recent offers have been made for Moby and it would be unlikely that an offer would be made without the support of Albers and his associates.

We have not attempted to conduct a valuation based comparable market transactions as we had mandated SRK to prepare a specialist report on this basis and we have incorporated SRK's valuation figures in our assessment of the value of Moby's net assets on a going concern basis in Section 11.5 above.

11.7 Conclusion

A summary of the various valuations determined from the applicable valuation methodologies referred to above is as follows:

Valuation Methodology	Low \$	High \$
Share price history	0.053	0.054
Pro Forma Net Assets Before the Scheme	0.057	0.057
Pro Forma Net Assets After the Scheme	0.055	0.055

The net assets on a going concern basis valuation methodology results in a control value, whereas the share price history reflects a minority or portfolio value. The difference between the two values should reflect a control premium.

A comparison of the results of the pro forma net assets before the scheme valuation methodology and the share price history methodology yields a control premium in a range of 6% to 8%, which below the usual range of 20% to 30%.

The share price history value reflects the value of Moby shares before the proposed Scheme. The pro forma net asset value on a going concern basis (\$0.055) includes the value of exploration permit WA-359-P to be gained by Moby as well as the additional shares to be issued pursuant to the proposed Scheme. We note that the net asset value on a going concern basis before the proposed Scheme was \$0.057 per share. The proposed Scheme will therefore reduce the net asset backing of Moby shares by approximately 3%.

Whilst the proposed Scheme will result in a marginal reduction in the net asset backing of Moby shares, by gaining an exposure to exploration permit WA-359-P, Moby will gain certainty that, should Apache elect to drill a well, it's shareholders will share in any associated upside regardless of whether the well is in exploration permit WA-409-P or WA-359-P.

After considering the nature of the two applicable valuation methodologies, we have concluded that the share price history should be preferred as there is a liquid market in Moby shares and the net asset valuation methodology relies on theoretical assessments of the prospectivity of individual tenements.

We have therefore concluded that the Moby shares have a value in a range of \$0.053 to \$0.054.

In the absence of any tangible evidence, this assessment does not take into account the impact of the marginal reduction in the net asset backing of Moby shares referred to above, or the impact that the Scheme may have on the market value of the Moby shares by providing certainty that, should Apache elect to drill a well, the Moby shareholders will share in any associated upside regardless of whether the well is drilled in either exploration permit WA-409-P or WA-359-P.

12. Moby – Valuation of Options

Moby only has 2,700,000 unlisted options that are exercisable at \$0.25 per share and expire on 10 November 2013. There is no requirement for us to value these options as they are well out of the money, immaterial and non-dilutive. However as the Exoil option holders are to be issued Moby options, we have prepared a valuation of the options proposed to be issued to the Exoil option holders.

We have used the Black-Scholes model as described in Section 9.2 above. A discussion of each of the inputs into the option valuation model is set out below:

Current Share Price of the Underlying Shares

In Section 11.4 above we concluded that the Moby shares have a market value in a range of \$0.053 to \$0.054 per share. We are unable to estimate the impact of the Proposed Schemes on the market value of the Moby shares, however for the purpose of valuing the options to be issued to the Exoil option holders, we have assessed the value of the options based on our assessment that the Moby shares have a market value in a range of \$0.053 to \$0.054 per share.

Exercise Price of the Option

All of the options are to be exercisable at \$0.12 per share.

Volatility of the Share Price

The historical volatility information for Australian listed companies can be sourced from the Australian Graduate School of Management – Centre for Research in Finance Risk (“CRIF”) Measurement Service statistics. The reported historical volatility for Moby up to 30 September 2010 is 155.5%.

In our experience this is unusually high and we do not believe that Moby’s historical volatility can be used to predict the future volatility of its share price. For this reason we have estimated the expected future volatility by reference to the same comparable ASX listed companies as we used in Section 8. The average share price volatility of these companies was 76% and we have adopted this volatility in our calculations.

Time to Maturity

The proposed options are scheduled to expire on 30 June 2013.

Risk Free Rate of Interest

We have used a rate of 5.08%. This is based on Treasury Bond yields with maturities approximating the maturity date of the proposed options.

Based on the above inputs and using the Black-Scholes option-pricing model we have valued the options in a range of \$0.013 to \$0.014 per option.

13. Assessment as to Fairness

13.1 Share Scheme

In Section 8.8 we concluded that the value one Exoil share held by the Non-Associated Shareholders is \$0.039. This is our assessment of the value of a minority share in Exoil and reflects the minimal liquidity of the NSX market.

As the Share Scheme will result in Albers and his associates controlling 100% of Exoil, we have treated the Share Scheme as being effectively a takeover of Exoil and for this reason we have assessed the fairness of the Share Scheme by comparing the value of an Exoil share on a control basis (\$0.07 per share – Section 8.5) with the value of a minority Moby share (\$0.053 to \$0.054).

The Share Scheme consideration offered to the Exoil shareholders are 135 Moby shares for each 100 Exoil shares current held. The fairness of the Share Scheme consideration can therefore be assessed as follows:

	Low	High
Value of 1 Exoil share (inclusive of control premium)	\$0.07	\$0.07
Value of a parcel of 100 Exoil shares	\$7.00	\$7.00
Value of 1 Moby share (excluding a control premium)	\$0.053	\$0.054
Value of a parcel of 135 Moby shares	\$7.16	\$7.29

As the value of each parcel of 135 Moby shares held by the Non-Associated Shareholders following implementation of the Share Scheme (\$7.16 to \$7.29) exceeds the value of each parcel of 100 Exoil shares currently held by them (\$7.00), we have concluded that the Share Scheme is fair.

13.2 Option Scheme

In Section 9 we assessed the value one Exoil option at \$0.007 and in Section 12 we assessed the value of one Moby option to be issued to the Exoil option holders in a range of \$0.013 to \$0.014 per option.

The Option Scheme consideration offered to the Exoil option holders are 135 Moby options for each 100 Exoil options current held. The fairness of the Option Scheme consideration can therefore be assessed as follows:

	Low	High
Value of 1 Exoil option	\$0.007	\$0.007
Value of a parcel of 100 Exoil options	\$0.70	\$0.70
Value of 1 Moby option	\$0.013	\$0.014
Value of a parcel of 135 Moby options	\$1.76	\$1.89

As the value of each parcel of 135 Moby options held by the option holders following implementation of the Option Scheme (\$1.76 to \$1.89) exceeds the value of each parcel of 100 Exoil options currently held by them (\$0.70), we have concluded that the Option Scheme is fair.

14. Other Significant Factors

14.1 Share Scheme

We detail hereunder the likely advantages and disadvantages if the Schemes of Arrangement proceed together with other factors for the Exoil shareholders and option holders to consider before voting on the proposed Schemes of Arrangement:

- In Section 13.1 above, as required by ASIC Regulatory Guide 111, we assessed fairness by comparing the control value of Exoil shares with the portfolio value of Moby shares. A similar comparison can be made by comparing the value of a parcel of 100 minority shares held by the Exoil shareholders at present with the value of 135 Moby shares they will receive if the Schemes of Arrangements are implemented. This comparison is set out below:

	Low	High
Value of 1 Exoil share (excluding a control premium)	\$0.039	\$0.039
Value of a parcel of 100 Exoil shares	\$3.90	\$3.90
Value of 1 Moby share (excluding a control premium)	\$0.053	\$0.054
Value of a parcel of 135 Moby shares	\$7.16	\$7.29

As can be seen from the above analysis, in our opinion the Non-Associated Shareholders will replace a parcel of 100 Exoil shares that we have valued at \$3.90 with a parcel of 135 Moby shares that have a current market value in a range of \$7.16 to \$7.29. The uplift in value essentially reflects the elimination of the marketability discount that presently attaches to the Exoil shares.

- There is effectively no market for the Exoil shares and we can see no likelihood of a market emerging. The Share Scheme offers the Non-Associated Shareholders an opportunity to swap an illiquid investment for Moby shares in which there is an active and liquid market.
- Exoil has a significant liability that is due and payable in July 2011 (approximately \$1,800,000) and it does not have the cash resources from which to discharge this liability. Exoil has few options for meeting this obligation. Given the absence of a market for its shares, we doubt that Exoil will be able to raise additional equity. In these circumstances the directors may be forced to sell one or more of Exoil's interests in exploration properties. If this were to occur, then we consider that the values realised from the sale of the exploration properties may be significantly less than the values ascribed to the exploration properties in the SRK report.
- The Apache farmin provides an option for Apache to drill one well anywhere within exploration permits WA-359-P and WA-409-P and gain an additional interest in both tenements. These two permits cover a total area of 1,778 km² and whilst WA-359-P covers approximately 68% of the combined area of the two exploration permits, the Exoil shareholders are exposed to a risk that their interest in WA-359-P will be further diluted from 30% to 15% without the benefit of a well being drilled within WA-359-P. The Share Scheme will result in Moby

having an interest in both WA-359-P and WA-409-P and the Non-Associated Shareholders, by virtue of becoming Moby shareholders, will also have an exposure to both exploration permits. This provides certainty that the Non-Associated Shareholders will have exposure to any well drilled by Apache, if Apache in fact decides to exercise its option of drilling a well.

- Apart from exposure to two permits in the Bass Basin and WA-359-P, Moby has interests to the same exploration permits as Exoil, though Moby has interests in two additional exploration permits in the Gippsland Basin and two permits in the Carnarvon Basin. The Non-Associated Shareholders will therefore continue to have exposure to most of the exploration properties held by Exoil, even though the exposure will be reduced as the Non-Associated Shareholders have a 30.72% interest in Exoil but they will only have a 10.5% interest in Moby.
- As at 31 December 2010 Moby had cash resources of approximately \$4.4 million and minimal liabilities. It is therefore in a far stronger financial position than Exoil.
- In Section 8.5 we valued Exoil, based on its net assets, at approximately \$5,700,000. Albers and his associates presently hold 69.28% of Exoil's issued shares and the underlying value of the net assets held by Albers and his associates is therefore approximately \$3,950,000 ($\$5,700,000 \times 69.28\%$).

The proposed Scheme will result in Albers and his associates controlling 100% of Exoil. The net asset value of \$5,700,000 includes Exoil's current interest in exploration permit WA-359-P, however pursuant to the farmin proposal Moby is to acquire a 95% interest in Exoil's residual interest in that permit. This will result in reducing the value of Exoil's net assets to approximately \$4,370,000. The proposed Scheme will therefore result in an increase in the value of the Exoil net assets held by Albers and his associates by approximately \$420,000 ($\$4,370,000 - \$3,950,000$).

In Section 11.5 we valued Moby, based on its net assets, at approximately \$16,400,000. Albers and his associates presently hold 58.94% of Moby's issued shares and the underlying value of the net assets held by Albers and his associates is therefore approximately \$9,670,000 ($\$16,400,000 \times 58.94\%$).

The proposed Scheme will result in the holding that Albers and his associates have in Moby reducing to 52.75%. Pursuant to the farmin proposal Moby is to acquire a 95% interest in Exoil's residual interest in exploration permit WA-359-P. This will result in an increase in the value of Moby's net assets to approximately \$17,740,000 and the underlying Moby net assets held by Albers and his associates will be approximately \$9,360,000 ($\$17,740,000 \times 52.75\%$). The effect of the proposed Scheme will be to reduce the value of the underlying Moby net assets held by Albers and his associates by approximately \$310,000 ($\$9,670,000 - \$9,360,000$).

The net effect of the proposed Scheme on Albers and his associates is to increase the value of their share of the underlying net assets by approximately \$110,000, comprising of an increase in the underlying value of the Exoil net assets of \$420,000 and a reduction in the underlying value of the Moby net assets of \$310,000. Details of the impact of the proposed Scheme on Albers and his associates are set out in Appendix A.

- We understand that Exoil has future exploration commitment expenditures totalling approximately \$3.1 million to be met by 31 December 2013. Failure to meet the exploration commitments will result in breaching the conditions of the various exploration permits and ultimately will result in their forfeiture. Exoil does not have the funds to meet the exploration commitments. The proposed Scheme will eliminate exposure to this risk by the Exoil Non-Associated Shareholders as the risk will remain with Exoil and its continuing shareholders, i.e. Albers and his associates.

14.2 Option Scheme

- Our valuation of the Exoil options was based on an assumed future share price volatility of 76%, however given the absence of a market in Exoil shares, the historical volatility is effectively nil. Importantly, unless a market in Exoil shares develops during the life of the options or the underlying value of Exoil shares exceeds the exercise price of \$0.12, the options will have a nil value.

14.3 Conclusion as to Reasonableness

After giving due consideration to the above significant factors, we consider that the proposed Schemes of Arrangement are reasonable.

15. Conclusion as to ‘In the Best Interests’

15.1 Share Scheme

In our opinion, the proposed Share Scheme is fair and reasonable and is in the best interests of the Non-Associated Shareholders of Exoil, in the absence of a superior offer being received.

15.2 Option Scheme

In our opinion, the proposed Option Scheme is fair and reasonable and is in the best interests of the Exoil option holders, in the absence of a superior offer being received.

16. Financial Services Guide

16.1 Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

16.2 DMR Corporate

DMR Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale clients.

16.3 Financial Services Offered by DMR Corporate

DMR Corporate prepares reports commissioned by a company or other entity (“Entity”). The reports prepared by DMR Corporate are provided by the Entity to its members.

All reports prepared by DMR Corporate include a description of the circumstances of the engagement and of DMR Corporate's independence of the Entity commissioning the report and other parties to the transactions.

DMR Corporate does not accept instructions from retail investors. DMR Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. DMR Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

16.4 General Financial Product Advice

In the reports, DMR Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

16.5 Independence

At the date of this report, none of DMR Corporate, Derek M Ryan nor Paul Lom has any interest in the outcome of the Schemes of Arrangement, nor any relationship with Exoil, Moby, their shareholders or associates.

We were initially instructed to prepare a report opining on whether a proposed exchange of five Moby shares for every four Exoil shares was in the best interests of the Non-Associated Exoil shareholders. We prepared a draft report on that basis and concluded that the proposed Share Scheme was not fair however it was reasonable and in the best interests of the Non-Associated Exoil shareholders. We were subsequently advised that the proposed exchange ratio had been renegotiated to 1.35 Moby shares for each Exoil share and based on this exchange ratio we have concluded that the Share Scheme is fair and reasonable and in the best interests of the Non-Associated Exoil shareholders. There were no alterations to DMR Corporate's methodology or valuations following the release of the draft report to Exoil.

A superannuation fund associated with Mr. Derek Ryan has a beneficial interest in 102,050 Moby shares with an approximate value of \$5,000. With the exception of this shareholding, DMR Corporate and its related entities do not have any shareholding in or other relationship with Exoil or Moby.

DMR Corporate had no part in the formulation of the merger proposal. Its only role has been the preparation of this report.

DMR Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 October 2007.

16.6 Remuneration

DMR Corporate is entitled to receive a fee of \$42,000 for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

Except for the fees referred to above, neither DMR Corporate, nor any of its directors, employees or associated entities receive any fees or other benefits, directly or indirectly, for or in connection with the provision of any report.

16.7 Compensation Arrangements and Complaints Process

As the holder of an Australian Financial Services Licence, DMR Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement DMR Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

DMR Corporate is also required to have a system for handling complaints from persons to whom DMR Corporate provides financial services. All complaints must be in writing and sent to DMR Corporate at the above address.


DMR Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne, Vic 3000.

Yours faithfully

D M R Corporate Pty Ltd



**Derek Ryan
Director**



**Paul Lom
Director**

Appendix A

Effect of the Proposed Scheme on Albers and His Associates

Asset/Liability	Pro Forma Net Assets		Albers Share of Net Assets				Difference
			Before the	After the	Before the	After the	
	Exoil	Moby	Proposed	Proposed	Proposed	Proposed	
	\$	\$	Transaction	Transaction	Transaction	Transaction	\$
Exploration Assets							
WA-342-P	4,946,640	8,335,943	3,426,914	4,946,640	4,913,158	4,397,075	1,003,643
WA-359-P	1,403,154	-	972,072	70,158	-	703,134	(198,780)
WA-409-P	-	655,268	-	-	386,211	345,643	(40,568)
Vic/P41	-	2,002,556	-	-	1,180,295	1,056,316	(123,979)
Vic/P47	-	1,048,964	-	-	618,254	553,312	(64,942)
EPP 34	162,832	200,000	112,806	162,832	117,879	105,497	37,644
EPP 35	38,360	22,947	26,575	38,360	13,525	12,104	10,364
T/37P & T/38P	766,361	-	530,917	766,361	-	-	235,444
Total Exploration Assets	7,317,347	12,265,678	5,069,283	5,984,351	7,229,322	7,173,081	858,827
Current Assets	224,893	4,408,764	155,800	224,893	2,598,501	2,325,552	(203,856)
Non-Current Assets (excluding Exploration)	51,824	-	35,902	51,824	-	-	15,922
Liabilities	(1,892,957)	(267,307)	(1,311,395)	(1,892,957)	(157,549)	(141,000)	(565,013)
Net Assets	5,701,107	16,407,135	3,949,591	4,368,111	9,670,273	9,357,633	105,880
No. of shares-Albers			56,496,252	56,496,252	169,850,259	169,850,259	
Total shares on issue			81,550,523	56,496,252	288,177,593	322,000,859	

Sources of Information

The following sources of information have been utilised and relied upon in the course of preparing this report:

- The Explanatory Booklet/Scheme Booklet which this report accompanies;
- Audited financial statements of Exoil for the financial year ended 30 June 2010 and the reviewed financial statements for Exoil for the half year ended 31 December 2010;
- Exoil NSX announcements since 1 January 2010;
- Farm-out agreement between Exoil and Apache covering exploration permit WA-359-P;
- Exoil's share and option register as at 12 January 2011;
- Audited financial statements of Moby for the financial year ended 30 June 2010;
- Moby share price summaries supplied by Commonwealth Securities Limited;
- Moby ASX announcements since 1 January 2010;
- details of expenditure commitments for all exploration permits in which Exoil and Moby have a participating interest;
- Farm-out agreement between Moby and Apache covering exploration permit WA-409-P;
- Moby's share register as at 25 February 2011;
- SRK report dated March 2011; and
- Discussions with executives and directors of Exoil and Moby.

Declarations, Qualifications and Consents

1. Declarations

This report has been prepared at the request of the Chairman of Exoil pursuant to Section 411 of the Act to accompany the notice of meeting of shareholders to approve the Schemes of Arrangement. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Schemes of Arrangement are in the best interests of the Exoil shareholders and option holders.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards, nor do they constitute a review in accordance with AUS 902 applicable to review engagements.

2. Qualifications

Mr. Derek M Ryan and Mr. Paul Lom, directors of DMR Corporate prepared this report. They have been responsible for the preparation of many expert reports and are involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr. Ryan has had over 40 years experience in the accounting profession and he is a Fellow of the Institute of Chartered Accountants in Australia. He has been responsible for the preparation of many expert reports and is involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr. Lom is a Fellow of the Institute of Chartered Accountants in Australia and a Registered Company Auditor with more than 35 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

3. Consent

DMR Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Booklet.

Independent Specialist's Report from SRK Consulting (Australasia) Pty Ltd

Valuation of Petroleum Assets

Moby Oil & Gas Limited and Exoil Limited

Report prepared by



March 2011

Project Code: DMR002

Valuation of Petroleum Assets: Moby Oil & Gas Limited and Exoil Limited

Independent Expert Report

Project Code: DMR002

Document Reference: DMR002_IER_BMcC_March_2011_Rev3

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SRK Report Distribution Record

Project Number: DMR002

Date Issued ... March 2011

Name/Title	Company
Paul Lom	DMR Corporate Pty Ltd

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Rev No.	Date	Revised By	Revision Details
A	19/01/11	Bruce McConachie	First Draft
B	24/01/11	Lucas McLean-Hodgson	Text, figs, tables
C	6/02/11	Mark KeYang Ma	Text, figs, tables
D	18/02/11	Bruce McConachie	Text, figs, tables
0	22/02/11	Bruce McConachie	Issue to client
1	25/02/11	Bruce McConachie	Issue to client - factual corrections
2	2/03/11	Mark KeYang Ma	Text, table numbers
3	03/03/11	Mark KeYang Ma	Text

Executive Summary

Summary of Principal Objectives

The following report is an Independent Valuation of the petroleum asset of Exoil Limited and Moby Oil & Gas Limited.

Outline of Work Program and Permits

Market value was assessed based on the book or expenditure values, but this is not considered appropriate in cases where resources have been defined or prospects with significant discovery-potential matured. In these cases market value has been calculated on the basis of potential development value, where economic analysis was available to support the outcome.

In relation to WA-359-P and WA-409-P, we have derived our assessment of value by calculating the premium that the terms of the Apache farmin establishes for each of those blocks and used that premium to determine the value of the retained interests of 30% in each block subsequent to Apache having earned its interest in each block by carrying out an aggregate 1,000km² at a total cost of \$6.8 million. Namely, an actual transaction (the Apache Farmin) in relation to those permits, rather than comparative transactions, has been used.

WA-333P and WA-360P prospects have been tested and the resulting dry holes leave no remaining value in those blocks at the current time.

In cases with Contingent and Prospective resources, our "Most Likely" valuation is primarily based on comparative market transactions. In the case of WA-342-P these were incorporated into the ascribed book values by Moby Oil & Gas Limited but not in the case of Exoil Limited and so the Exoil WA-342-P value was aligned to remove this difference. Therefore, the valuation of WA-342-P containing the Cornea discovery is derived by comparative market transactions based on its contingent resources.

Appendix 2 is for information only.

For the remainder of the blocks we used book value as an indication of historical cost because there is no other basis for these valuations absent relevant deals and no resources. We selected the book value in the context that it incorporated the estimated comparative transaction values (SRK, 2009) and these continued to be supported by evidence of prospectivity.

Table 1: Moby Oil & Gas Limited: Petroleum Permits

Permit	Interest	Location Basin	Prospects & Leads
WA-333-P	26.4375%	Browse Basin	Braveheart dry hole
WA-342-P	22.375%	Browse Basin	Cornea discovery
WA-360-P	10%	Carnarvon Basin	Artimus dry hole test
WA-409-P	30%	Carnarvon Basin	Farmin deal agreed
Vic/P47	35%	Gippsland Basin	Judith South; Judith North West
Vic/P45	50%	Gippsland Basin	Nereus; Boxfish; Hardyhead; Scampi; Jackfish; Grenadier; Galaxias (Archer); Hera; Saratoga; Athena; Trident; Neptune; Errol
Vic/P41	25%	Gippsland Basin	Junger; Wilde; Kipling; Benchley; Cotton; Lead A; Barramundi; Oscar East; Oscar West; Scorpion
EPP34	20%	Otway	Lead E Dundee; Lead C Pearl; Lead A Socrates; Lead D
EPP35	20%	Otway	Phaeton; Euro; Nora / Creina; Admella; Margit; Pinchout Play; Troas gas discovery (poorly defined value)

Table 2: Exoil Limited: Petroleum Permits

Permit	Interest	Location Basin	Prospects&Leads
WA-359-P	30%	Dampier Sub-basin	Farmin deal agreed
WA-333-P	25.375%	Browse Basin	Braveheart dry hole
WA-342-P	13.1%	Browse Basin	Cornea discovery
Vic/P45	50%	Gippsland Basin	Nereus; Boxfish; Hardyhead; Scampi; Jackfish; Grenadier; Galaxias (Archer); Hera; Saratoga; Athena; Trident; Neptune; Errol
T/37P & T/38P	50%	Bass Basin	No prospects known
EPP34	15%	Otway	Lead E Dundee; Lead C Pearl; Lead A Socrates; Lead D
EPP35	30%	Otway	Phaeton; Euro; Nora / Creina; Admella; Margit; Pinchout Play

Valuations

Moby Oil&Gas Limited

Permit	Interest	Book Value (A\$)	Estimated Value (A\$)
WA-333-P	26.4375%	0	0
WA-342-P	22.3750%	8,335,943	8,335,943
WA-360-P	10%	9,617	0
WA-409-P	50%	152,498	655,268
Vic/P47	35%	1,048,964	1,048,964
Vic/P45	50%	0	0
Vic/P41	25%	2,002,556	2,002,556
EPP34	20%	200,000	200,000
EPP35	20%	22,947	22,947
Total (A\$)		11,772,525	12,265,678

Exoil Limited

Permit	Interest	Book Value (A\$)	Estimated Value (A\$)
WA-359-P	30%	106,073	1,403,154
WA-333-P	25.375%	0	0
WA-342-P	13.10%	2,885,278	4,946,640
Vic/P45	50%	0	0
T/37P & T/38P	50%	766,361	766,361
EPP34	15%	162,832	162,832
EPP35	30%	38,360	38,360
Total (A\$)		3,958,904	7,317,347

The conclusion of our valuation dated 2 March 2011, based on farmin deals, book values and comparative market transactions is that the current estimated summed value of each asset is as follows:

Moby Oil & Gas Limited assets is A\$12,265,678 and Exoil Limited assets is A\$7,317,347.

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Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by DMR Corporate Pty Ltd (DMR). The opinions in this Report are provided in response to a specific request from DMR to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them.

List of Abbreviations

Abbreviation	Meaning
%	percent, percentage
AAPG	American Association of Petroleum Geologists
API	American Petroleum Institute
B	billion
bbl	barrel
bbl(s)	barrels
bbls/d	barrels per day
boe	barrels oil equivalent
bopd	barrels of oil per day
Bscf	billions of standard cubic feet
CAPEX	Capital Expenditure
Competent Person (Valmin, 2005)	“Competence / Competent” means having relevant education, qualifications, experience, professional expertise and holding appropriate licences (where required) so as to have a reputation that gives authority to statements made in relation to particular matters
condensate	liquid hydrocarbons which are sometimes produced with natural gas and liquids derived from natural gas
DST	Drill Stem Testing
DHI	Direct Hydrocarbon Indicator
EMV	Expected Monetary Value. EMV estimates the full risk value of an exploration decision, taking into account not only tax terms, but also the technical and commercial environment, geological prospectivity, and the risks that are applicable to each region.
farmin	A contractual agreement with an owner who holds a working interest in petroleum exploration permit to assign all or part of that interest to another party in exchange for the other party fulfilling contractually specified conditions, usually meeting the cost of a well or 3D seismic acquisition
GIIP	Gas Initially in Place
GOR	gas/oil ratio
GWC	gas water contact
JORC Committee	Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
km	kilometre(s)
km	kilometres
km ²	square kilometre(s)
km ²	square kilometres
kt	kilotonne(s)
m	metre(s)
M	thousand
m ³	cubic metres
MD	measured depth
mD	(permeability in) millidarcies
MM	million
MMbo	Million barrels oil
MMscf/d	millions of standard cubic feet per day

Abbreviation	Meaning
mRT	Meters below the rotary table reference level
msec	milliseconds
NPV	Net Present Value
NTG	net to gross ratio
OIIP	Oil Initially In Place
OWC	oil water contact
petroleum	deposits of oil and/or gas
PIIP	Petroleum Initially In Place
PRMS	SPE/WPC/AAPG/SPEE Petroleum Resources Management System (2007)
PVT	pressure volume temperature
QA/QC	Quality Assurance / Quality Control
RFT	repeat formation tester
scf	standard cubic feet measured at 14.7 pounds per square inch and 60° F
scf/d	standard cubic feet per day
scf/stb	standard cubic feet per stock tank barrel
SPE	Society of Petroleum Engineers
SPEE	Society of Petroleum Evaluation Engineers
SRK	SRK Consulting (Australasia) Pty Ltd trading as SRK Consulting
stb	stock tank barrels measured at 14.7 pounds per square inch and 60° F
stb/d	stock tank barrels per day
STOIIP	stock tank oil initially in place
S _w	water saturation
TOC	Total organic carbon
Tscf	trillion standard cubic feet
TVDSS	true vertical depth (sub-sea)
TWT	two-way time
Valmin Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, dated 20 April 2005
WI	Working interest
WPC	World Petroleum Council

Statement of Competency

Dr Bruce Alan McConachie

Dr Bruce Alan McConachie is a geologist with extensive experience in economic resource evaluation and exploration. His career spans over 30 years and includes production, development and exploration experience in petroleum, coal, bauxite and various industrial minerals.

Work history includes:

- Comalco: 15 years (Rio Tinto-Alcan) - Chemist, Mine Geologist, Planning Engineer, Senior Geologist and Team Leader (Petroleum Group)
- Australian Geological Survey Organisation / Bureau of Mineral Resources: 2½ years (Geoscience Australia) - Senior Research Scientist (Petroleum Systems Petrel Sub-basin Project)
- Santos: 7 years - Senior Geologist, Team Leader and Chief Geologist – Indonesia
- BHP Billiton: 2½ years - Global Commodity Specialist and Manager Bulk Commodities
- SRK Consulting: 2 years – Principal Consultant (Petroleum Group Leader)

Experience:

Extensive relevant experience covering petroleum exploration programs, joint venture management, farmin and farmout deals, onshore and offshore operations, field evaluation and development, oil and gas production and economic assessment, and relevant experience assessing petroleum resources under the PRMS code and mineral commodities under the JORC code.

Industry Group Memberships:

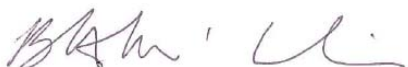
- The Australasian Institute of Mining and Metallurgy (AusIMM) – 30 Years
- American Association of Petroleum Geologists – 11 Years
- Member of Petroleum Exploration Society (PESA).

Qualifications:

- Graduate degrees in geology and analytical chemistry
- Master of Applied Science by research and thesis on the coal geology of the Bowen Basin, Queensland
- Doctor of Philosophy by dissertation on foreland and fold belt basin analysis to characterise petroleum and mineral systems and deposits.

My qualifications and experience meet the requirements to act as a Competent Person to report petroleum reserves under PRMS (2007) and value assets under the Valmin Code of the AusIMM.

The data and interpretations presented in this document accurately reflect my view of the Moby Oil & Gas Limited and Exoil Limited assets that are the subject of the report.



Dr Bruce Alan McConachie

Dr Mark KeYang Ma

Dr KeYang Ma is a geologist with extensive experience in petroleum exploration and evaluation. His career spans over 20 years focused on exploration and production, operation and evaluation in petroleum, coal seam gas and coal resources, with working experience in varied oil / gas exploration and appraisal in both mature and frontier basins in China, Australia, PNG and Asia.

Work history includes:

- **Singapore Petroleum Company:** 3 years - Senior Geologist
- **University of Queensland and Santos:** 6 years - Research Scholar / Petroleum Geologist / Petroleum Consultant
- **Chinese Academy of Sciences and China National Petroleum Corporation:** 11 years - Entry level to Senior Petroleum Geologist, Project and R&D Manager
- **SRK Consulting:** 2 years - Senior Consultant.

Experience:

Extensive relevant experience covering petroleum and coal seam gas exploration, production, operation and evaluation, joint venture management, new venture assessment, and relevant experience in petroleum resources evaluation under the PRMS code.

Industry Group Memberships:

- Member of Petroleum Exploration Society (PESA)
- Member of Australia Petroleum Production & Exploration Association (APPEA).

Qualifications:

- Bachelor of Science in Geology.
- Master of Science, Chinese Academy of Sciences (Master thesis: Light-oil/Condensate Generation in Different Geological Settings of Major Sedimentary Basins in China).
- Doctor of Philosophy, The University of Queensland (Ph.D dissertation: Hydrocarbon Sources and Depositional Environments in the Central Papuan Basin, Papua New Guinea).

My qualifications and experience meet the requirements to act as a Competent Person to report petroleum reserves under PRMS (2007).

The data and interpretations presented in this document accurately reflect my view of the Moby Oil & Gas Limited and Exoil Limited assets that are the subject of this report.



Dr Mark KeYang Ma

1. Scope of the Report

1.1 Purpose of the Report

SRK was commissioned by DMR Corporate Pty Ltd (Level 7, 470 Collins Street Melbourne VIC 3000) to compile a valuation of **Moby Oil & Gas Limited** and of **Exoil Limited's** petroleum assets.

Since no producing oil and gas assets are involved, SRK has focused on book values and considered comparative farmins and purchases to derive the estimated "most likely market values".

1.2 Reporting Standard

This valuation report is compiled using the guidelines of the Valmin code of The AusIMM. In addition to comparative farmins and purchases, aspects reviewed in this Report include product prices, and independent information, particularly the evaluations prepared by RPS Energy Pty Ltd ("RPS"), Level 3, 41-43 Ord St., West Perth, WA 6005, Australia (RPS 2009 a and b, RPS, 2010).

The reserve and resource classification system used in the current report is the Petroleum Resource Management System (PRMS) 2007 sponsored by the Society of Petroleum Engineers (SPE), American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), and the Society of Petroleum Evaluation Engineers (SPEE).

1.3 Work Program

The work required a review of the permit work obligations, permit geological and technical information, prospective resource data and valuations, plus available comparative transaction data.

1.4 Project Team

The project team for the current document comprised Dr Bruce McConachie, Dr KeYang Ma, and Lucas McLean-Hodgson.

1.5 Statement of SRK Independence

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK has no beneficial interest in the outcome of the technical or economic assessment that are the subject of this Report. SRK has previously carried out a valuation of some permits held by Moby Oil & Gas Limited as previously requested by DMR.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

1.6 Warranties and Limitations

DMR Corporate Pty Ltd has represented to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true. We have no reason to believe that any material facts have been withheld, but we do not warrant that our enquiries have revealed all of the information that a more extensive examination might disclose.

The opinions and statements in this report, based on the above information, are made in good faith and are not misleading. Although we have reviewed the content of the proposed acquisition and farm-in agreements, we have not searched titles nor conducted due diligence on any contracts or agreements or any other legal or accounting matters and are not qualified to provide a legal opinion on these matters.

1.7 Consents

SRK consents to this Report being included, in full, in the form and context in which the Report is included, as an attachment to the report by DMR Corporate Pty Ltd which has been prepared for the purpose of considering whether the proposed terms of the Scheme of Arrangement to be entered into between **Exoil Limited** and its members are fair and reasonable and whether that scheme is in the best interests of those members and Option holders of Exoil Limited who are to receive shares and options in **Moby Oil & Gas Limited** in consideration of the cancellation of their shares and options in Exoil Limited.

SRK provides this consent on the basis that the technical and commercial assessments expressed in the Executive Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report and the Cover Letter.

2. Valuation Method

Under the Valmin code, Value is the **Fair Market Value** of a Mineral or Petroleum Asset or Security. It is the amount of money (or the cash equivalent of some other consideration) determined by the Expert in accordance with the provisions of the Valmin Code for which the Mineral or Petroleum Asset or Security should change hands on the Valuation Date in an open and unrestricted market between a willing buyer and a willing seller in an “arm’s length” transaction, with each party acting knowledgeably, prudently and without compulsion.

Methodologies using share price history, net present values based on asset growth or earnings, asset backed methods and alternate acquirers were not considered appropriate. To select an appropriate valuation methodology for a farmin arrangement is therefore relatively straight forward.

In cases where there were no prospective resources, the book value was considered the best indication of value where there was some prospectivity recognised in the block. The Moby Oil & Gas book values took into account more than simply the historical costs. In cases with Contingent and Prospective resources, our “Most Likely” valuation is primarily based on comparative market transactions. In the case of WA-342-P these were incorporated into the ascribed book values by Moby Oil & Gas Limited but not in the case of Exoil Limited and so the Exoil WA-342-P value was aligned to remove this difference.

For WA-359-P and WA-409-P, we have derived our assessment of value by calculating the premium that the terms of the Apache farmin establishes for each of those blocks and used that premium to determine the value of the retained interests of 30% in each block subsequent to Apache having earned its interest in each block by carrying out an aggregate 1,000km² at a total cost of \$6.8 million. Namely, an actual transaction (the Apache Farmin) in relation to those permits, rather than comparative transactions, has been used.

In addition, we took into consideration the approximate expenditure to date on the various permits and we reviewed the carrying values of existing assets in the books of Exoil Limited and Moby Oil & Gas Limited as well as a review of the prospects and prospectivity of all of the permits.

Table 3 is a graphical representation of the SPE/WPC/AAPG/SPEE petroleum resources classification system. The system defines the major recoverable resources classes:

- Production
- Reserves
- Contingent Resources
- Prospective Resources
- Unrecoverable petroleum.

As there is currently no production or known reserves held by either Exoil Limited or Moby Oil & Gas Limited, only Contingent and Prospective Resources were assessed. Many blocks contain no currently identified prospectivity.

The definitions of Reserves, Contingent Resources and Prospective Resources are provided in **Table 4**.

The “Range of Uncertainty” reflects a range of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the “Chance of Commerciality, that is, the chance that the project that will be developed and reach commercial producing status.

Table 3: Resources Classification Framework (PRMS, 2007)

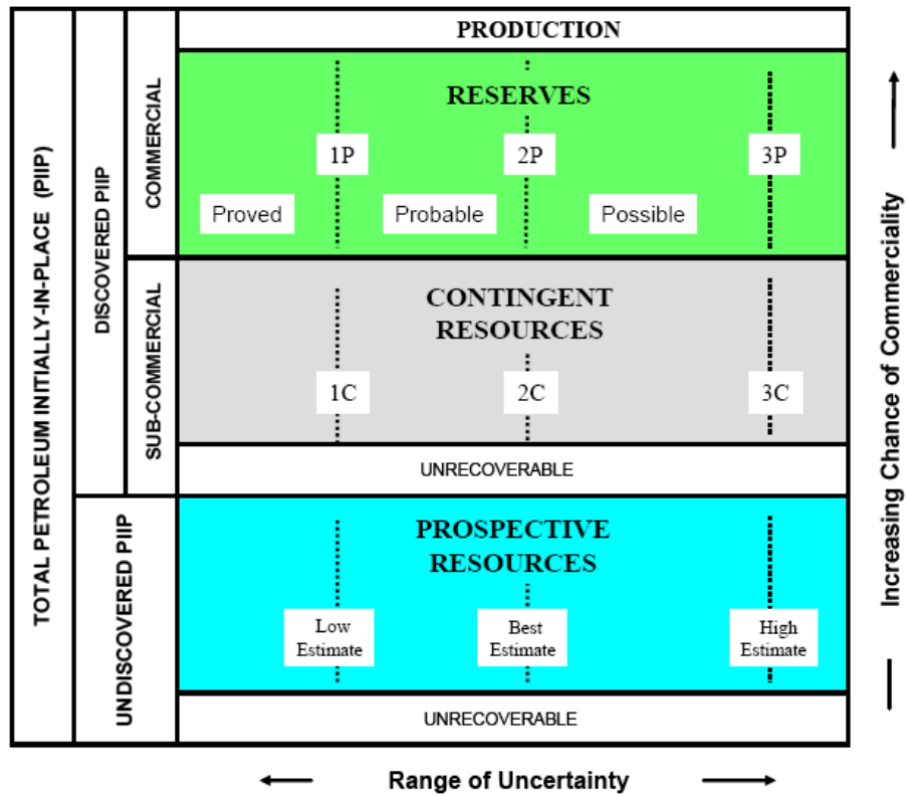


Table 4: PRMS Definition of Reserves and Resources

Resource Category	Definition
Reserves	Are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions? Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status.
Contingent Resources	Are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by their economic status.
Prospective Resources	Are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects? Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

3. Moby Oil & Gas Limited

3.1 WA-333-P (26.4375% Interest)

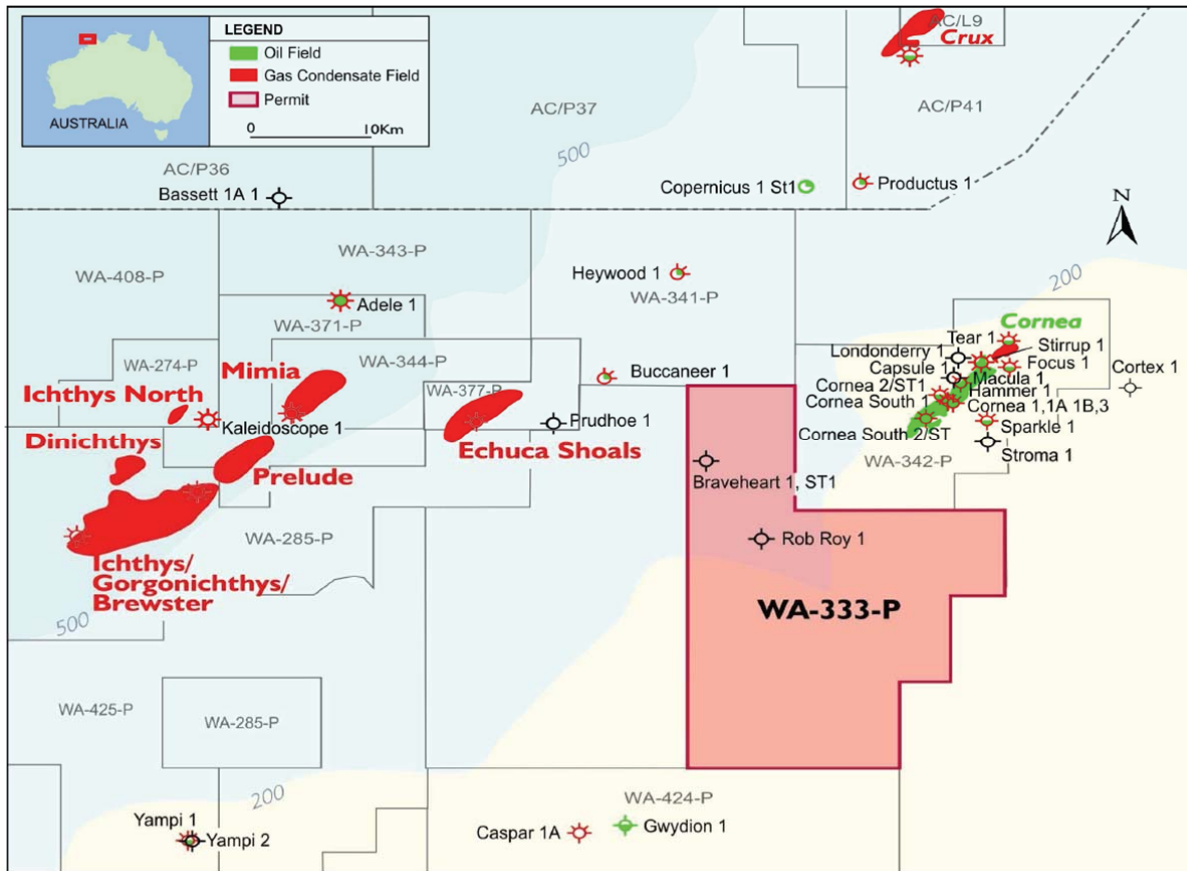


Figure 1: Location map of WA-333-P Permit, the Browse Basin

Figure 1 shows the location of WA-333-P permit. Following drilling of the Braveheart Prospect straddled WA-332-P and WA-333-P permits, the WA-333-P permit is now in the year-6 of its initial term and the Joint Venture is considering whether to lodge an application for renewal of the permit and the content of an acceptable work programme for any renewed term. The WA-332-P permit has been surrendered and cancelled by the Braveheart Joint Venture.

We ascribe no current value to this permit.

3.2 WA-342-P (22.375% Interest)

The Browse Basin is one of Australia's most petroleum-prolific basins, of which most significant hydrocarbon fields occur in the Caswell Sub-basin, such as Scott Reef (Torosa) (11.5 TCF gas, 119 MMbbl condensate), Brecknock (5.3 TCF gas, 107 MMbbl condensate), Brecknock South (Calliance) (5.3 TCF gas, 87 MMbbl condensate), Ichthys (7 TCF gas, 276 MMbbl condensate), and Crux (1.3 TCF gas, 48 MMbbl condensate).

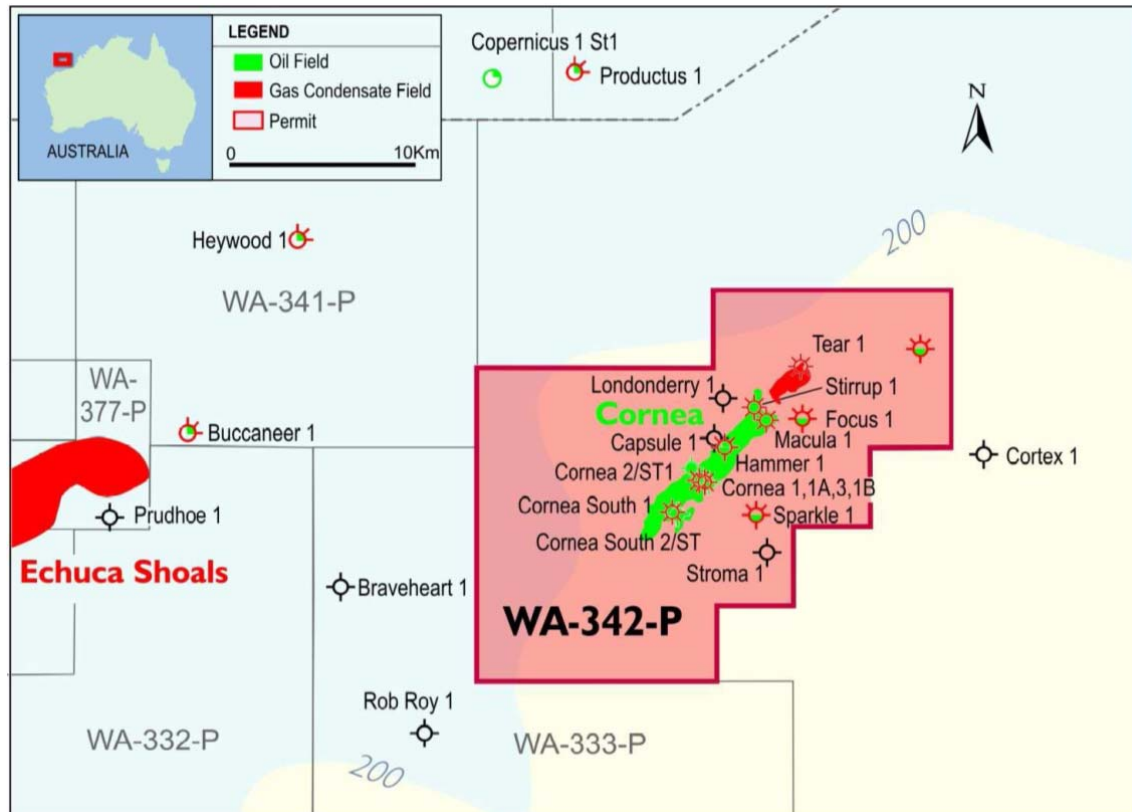


Figure 2: Location map of WA-342-P Permit with the Cornea Field, the Browse Basin

The main prospect in WA-342-P is the Cornea Field (**Figure 2**), which was discovered in 1997 by Shell Development Australia (Shell) with the drilling of the Cornea-1 discovery well, as well as the Cornea-1B and 2. The wells were drilled on an unfaulted drape anticline over basement high, and discovered a 25 m gas column and a 22.2 m oil column in the Albian sandstones of the Jamieson Formation, with 22 to 24 degree API oil derived from Early Cretaceous, Echuca Shoals Formation and possibly Late Jurassic source rocks in the Heywood Graben. The field is composed of three main structural components including the Cornea South and Cornea Central, both with gas and oil, and Cornea North with gas. Shell estimated the free water level for Cornea-1 and Cornea-1B based on poor quality pressure data, but unable to define the thickness of the transition zone between oil and water in Cornea Central.

In December 2009, Cornea-3 was drilled into the known oil and gas accumulation. The well penetrated the targeted Middle Albian and Lower Jamieson Formation B and C sand reservoir interval just below the predicted gas oil contact. The well was then deepened to penetrate exploration targets in the Early Albian and Aptian of the Lower Heywood Formation, terminating at a total depth of 910.6 metres (measured depth below rotary table or MDRT). The data obtained indicated the intersection of a hydrocarbon bearing column in the Middle Albian, Lower Jamieson Formation. The secondary exploration targets in the Lower Heywood Formation did not contain hydrocarbons.

As the glauconitic and argillaceous nature of the rocks and thus conventional logging tools unable to resolve the reservoir properties, a series of logs were run, including a Nuclear Magnetic Resonance log. In addition, a wireline formation tester was run to assess the pressure within the reservoir and to take fluid samples.

The results of the drilling and logging of Cornea-3 are summarised as follows:

- 1 An oil column of 20.4m was intersected in Cornea-3 between the top Middle Albian reservoir sand at 788 m MDRT and the free water level (as defined by logs and pressure data) at 808.4 m MDRT.
- 2 A considerable number of pressure testing results were obtained which allow the establishment of oil and water gradients and the free water level. With the assistance of further exploration wells, this information will better enable the exploration for hydrocarbons across the Cornea feature.
- 3 The condition of the hole through the hydrocarbon bearing section enabled the recovery of high quality data from the Nuclear Magnetic Resonance (NMR) tool, which has allowed the determination of an average effective, free fluid porosity of 16.4% for the Middle Albian reservoir in this well. The average inferred permeability of the reservoir in Cornea-3 is 100 millidarcies. The NMR tool also indicated an average hydrocarbon saturation of 70% for the free fluid porosity.
- 4 Despite the MDT test tools failed to take oil samples, the derived oil pressure gradient is consistent with 22 API oil and the NMR logging tool suggested an oil viscosity ranging from 4 centipose at the top of the column to 4.3 centipose at the base, being less viscous than reported for samples recovered and interpreted by the previous wells in this vicinity.

The results of Cornea-3 defined the existence of an oil column beneath the gas cap in this segment of the Cornea Central closure. The data obtained from Cornea-3 will enable the Joint Venture to develop an ongoing exploration strategy, and to investigate the best method to drill future wells, although much work remains to demonstrate a viable economic discovery (Figure 3).

In late December 2010, the Joint Venture was offered and accepted a renewal of the WA-342-P permit for a 5 year term that commenced on 4 January 2011. The committed work programme in the first three years calls for studies and an exploration well, followed by reprocessing of 3D seismic and further studies in the last two years of the term.

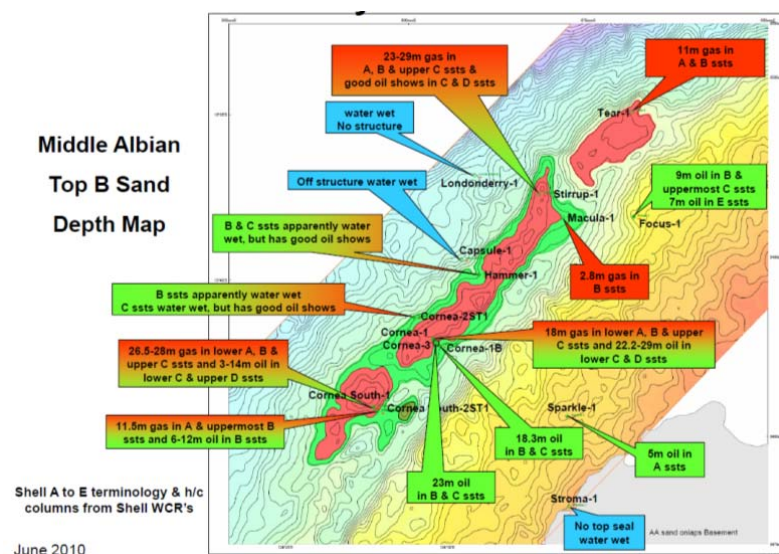


Figure 3: Hydrocarbon columns over the Cornea Field

RPS (2009) estimated that the chance of development of the Cornea Oil Field is 40%, primarily dependent upon proving a sustainable volume production rate at sufficiently high oil price to enable the development.

The high case (US\$100/Bbl oil price), being the only positive EMV outcome for Cornea, was used to value the opportunity.

The volumetrics are now deterministically assessed as 98.7 MMBO recoverable oil, however, it remains to be proven that:

- The 20.4 m oil leg, proved by Cornea-3, extends across the entire Cornea Central closure
- The B & C units in the Cornea Central closure are capable of production
- Required development wells can be drilled and completed successfully, and
- A conceptually viable Development Plan can be designed.

Table 5: Contingent Resources for the Cornea field (RPS, 2009)

Oil	Contingent Resources (MMbbls)				Risk Factor
WA-342-P	1C	2C	Mean Estimate	3C	Chance of Development
Cornea Field	13	37	42	99	40%

Table 6: Contingent Resources for the Cornea field net to Moby Oil & Gas Limited (Moby Oil& Gas 22.375% WI)

Oil	Contingent Resources (MMbbls)				Risk Factor
WA-342-P	1C	2C	Mean Estimate	3C	Chance of Development
Cornea Field (22.375%) EMV positive at US\$100/Bbl	2.9	8.3	9.4	22.2	40%
\$A MM Value (At A\$85/Bbl)	2.5	7.0	8.0	18.8	

The EMV positive outcome at US\$100 per barrel was used to calculate the value but reduced to US\$85 per barrel to make an adjustment to the February 2011 oil price. Further work is ongoing to revise the estimated contingent resource base for Cornea but this was not complete in time for the current report.

The valuation of WA-342-P containing the Cornea discovery was derived by comparative market transactions based on its contingent resources, for both Moby Oil & Gas and Exoil Limited in proportion to their net WI shares.

3.3 WA-360-P (10% Interest)

WA-360-P is located northeast of the Wheatstone and Pluto gas fields and northwest of the Yodel, Goodwin, and Perseus gas fields. This permit before generated the significant "Artemis" prospect based on seismic interpretation (**Figure 4**).

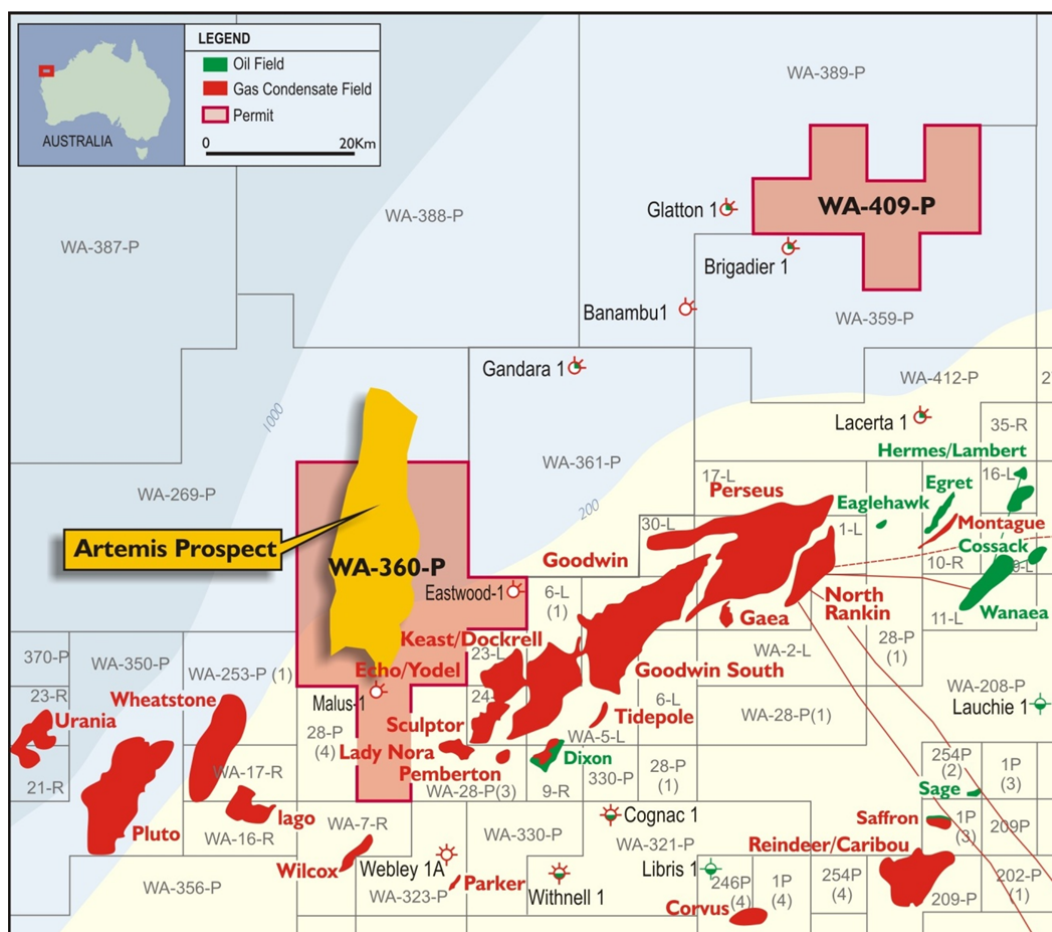


Figure 4: Location map of WA-360-P and WA-409-P permits, the Carnarvon Basin

The main opportunity within the WA-360-P Permit was the Artemis Prospect. The Artemis Prospect was postulated structural / stratigraphic trap. The prospect was essentially identified from a direct hydrocarbon indicator (“DHI”) interpretation. The Artemis prospect is a complex structural trap in part requiring a base seal mechanism and prograding reservoir shale-out within regional dip.

The recent drilling of the Artemis-1 on the structure demonstrated the structure to be dry.

In the absence of additional prospects in the block and considering without access to the dry hole analysis we consider the block to be without value.

3.4 WA-409-P (30% after Apache farmin)

WA-409-P is situated north of the Rankin / Goodwin gas / condensate producing area in the offshore Carnarvon Basin, directly north of the North Rankin trend gas fields and Exeter and Mutineer oil fields (Figure 4). The permit is in early stages of exploration.

The prospective resources within the permit are given in Table 7. Exploration in the permit is at an early stage therefore little value can be attributed to these leads. RPS (2009) determined a geological risking of 4% for each of the prospects. Because the prospects are high risk and poorly defined it is only possible to value the permit on the basis of the Apache farmin.

Table 7: Prospective Resource Estimates for the leads in WA-409-P (RPS, 2009)

Prospect	Prospective Gas Resources (Bcf)				Est. RPS (2009)
	Low Estimate	Best Estimate	Mean Estimate	High Estimate	*Risk Factor (%)
Lead W	346	621	653	1084	4
Lead BW	310	512	525	805	4
Lead BE	190	319	329	509	4

*Geological Probability of Success

On 21 October 2010, Moby's subsidiary, Rankin Trend, entered into a farmout agreement with a subsidiary of Apache Corporation ("Apache") under which Apache agreed to fund the acquisition, processing, mapping and interpretation of 1,000 km² of 3D seismic data within the area of permits WA-359-P and WA-409-P to earn Apache a 40% equity interest and operatorship in each of those permits. On completion of that earn-in, Rankin Trend's interest in WA-409-P will reduce to 30% and Exoil's interest in WA-359-P will reduce to 30%. The Authority for Expenditure ("AFE") for the 1,000 km² of 3D seismic data contracted to be carried out to earn Apache's 40% interest in each permit was an amount of A\$6.81 million. The farmin is subject to normal regulatory approvals.

The 1,000 km² of seismic is part of a much larger new 3,783 km² 3D seismic survey, called Zeebries being carried out by Apache. Apache proposes to incorporate the entire 566 km² area of WA-409-P within that survey but is not obliged to by the terms of its farmin agreement with Moby.

The aim of the Zeebries 3D survey is to define several new, potentially drillable prospects within the area of the survey. The survey, which will take about three months to acquire, covers the whole of WA-409-P and WA-359-P. It also covers parts of WA-418-P, WA-412-P, WA-389-P, WA-191-P and WA-26-L in which neither Moby nor Exoil have any interest. Subsequent processing and interpretation is expected to take much longer.

Under the farmin Apache may elect to drill a well in either WA-359-P or WA-409-P. Apache has no obligation to drill any well. If Apache does elect to drill a well in either WA-359-P or WA-409-P it will increase its interest in each permit to up to 70%. This equates to a retained interest by Rankin Trend of 15% in WA-409-P and 15% by Exoil in WA-359-P.

If Apache elects to drill a well in either permit, Rankin Trend (in WA-409-P) or Exoil (in WA-359-P) can elect to fund 5% of the costs of the well and, by so doing, maintain its potential interest in the relevant permit at 20%. However, the interest of the other of them, in the permit in which the well is not being drilled, will still reduce to 15%.

Our valuations of WA-359-P and WA-409-P are based on the seismic farmin value attributable to each block.

3.5 Vic/P47 (35% Interest)

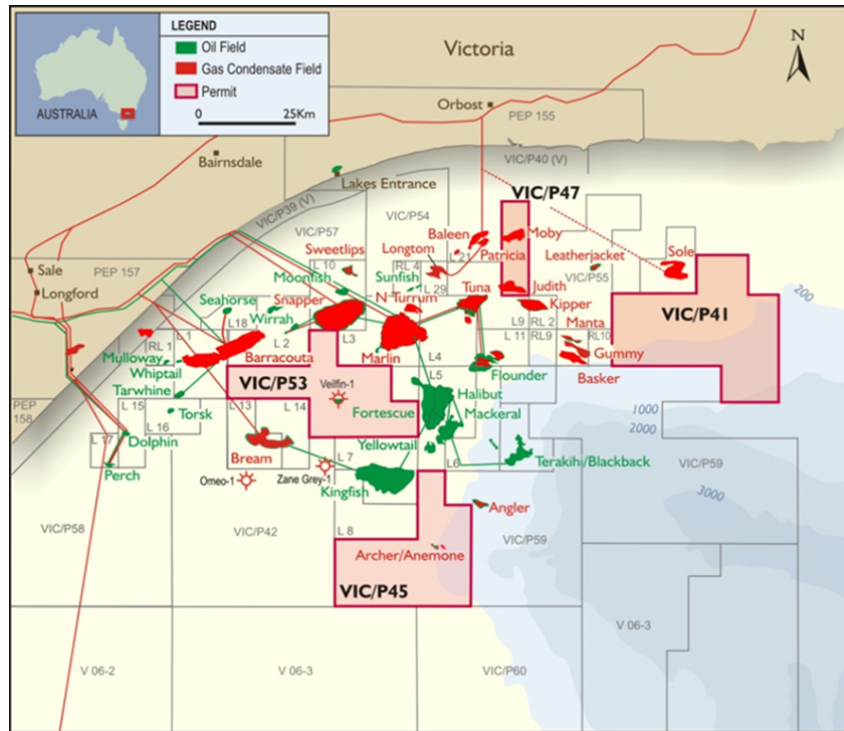


Figure 5: Location map of Vic/P41, Vic/P45, Vic/P47 and Vic/P53 Permit, the Gippsland Basin

Vic/P47 Permit is located in the offshore Gippsland Basin containing the Judith and Moby gas discovery and currently in year-2 of the first 5 year renewed term (**Figure 5**). The Judith-1 encountered gas-bearing Emperor Subgroup sandstone reservoirs within alluvial/fluviol/deltaic influxes of the Kipper Shale and Admiral Formation, of which reservoir quality varies from high porosity and permeability sands above the Judith Fault to marginal below the Judith Fault. Above the Judith Fault, a 38 m-thick sandstone exhibits excellent quality with a clean log signature, average porosities of 22% and net to gross of 100%. Within the gas-bearing section of the well below the Judith Fault, reservoirs have lower porosities and permeabilities that are comparable with Admiral Formation reservoirs intersected in the Longtom wells, with porosities ranging from 15-17%. Key uncertainties at Judith are reservoir quality, distribution and extent.

Strong gas indications at Judith-1 indicate a successful fault seal across the Judith Fault. Palynological studies and seismic interpretation, suggest that much of the prospective Judith Accumulation is juxtaposed against a thick Kipper Shale sequence, which also provides cross-fault seal to the Kipper Gas Field to the south. Emperor Subgroup lacustrine shales intersected within Judith-1 are anticipated to form intraformational seals depending upon their thickness and extent.

In June 2008, GCA completed an independent resources certification of the Judith gas discovery and associated prospects in Vic/P47. GCA's certification provides independent confirmation that, subject to successful appraisal, the Judith gas discovery has the resources volume potential to underpin a commercial development.

Approximately 160km² of existing 3D seismic data has been acquired within the area of the renewed Vic/P47 permit and the current year-2 work commitment is to reprocessing this data.

The Vic/P47 value was derived by the comparative market transactions previously established.

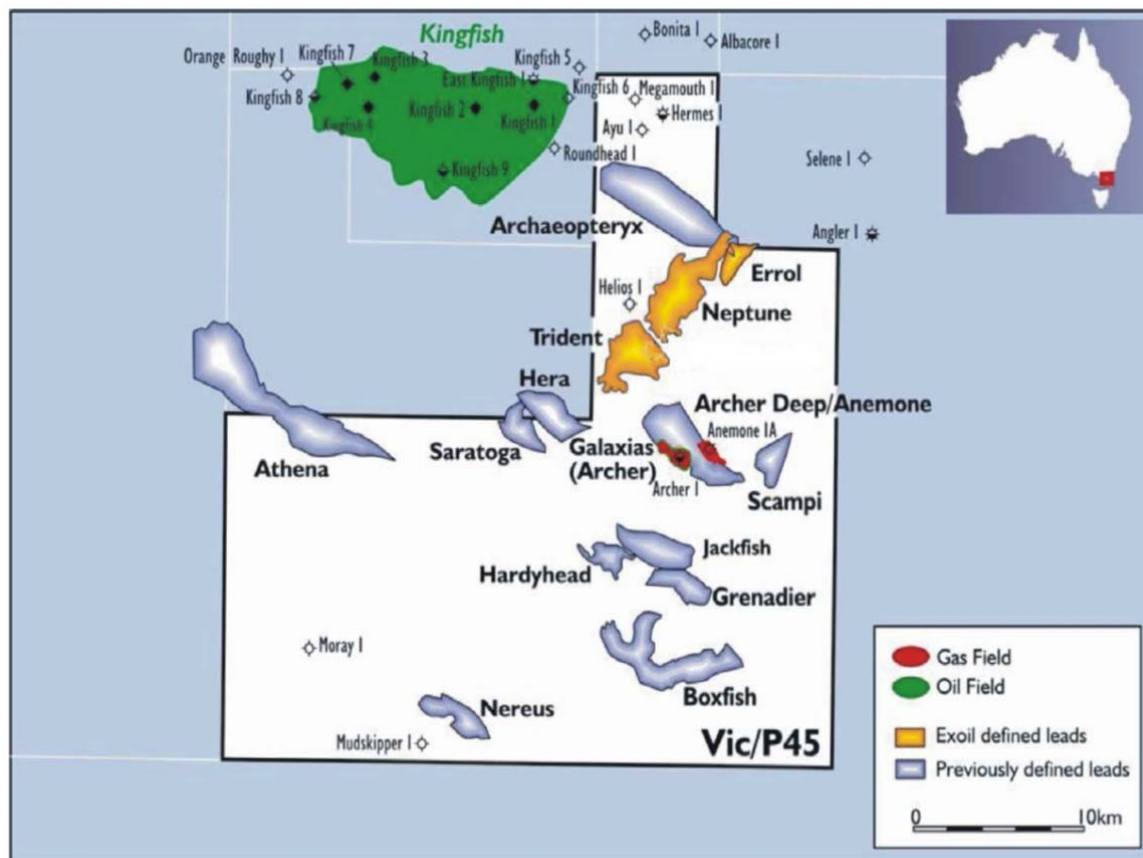
3.6 Vic/P45 (50% Interest)

The Vic/P45 permit is located in the offshore Gippsland Basin, approximately 90 km south of the eastern Victorian coast (**Figure 5** and **Figure 6**).

Prospects and leads include the Nereus, Boxfish, Hardyhead, Scampi, Jackfish, Grenadier, Galaxias (Archer), Hera, Sartoga, Athena, Trident, Neptune and Errol prospects. Wells Megamouth-1 and Coelacanth-1 have been drilled.

The Vic/P45 Joint Venture recently has been granted a variation to the year-6 terms of the permit following the drilling of the Megamouth-1 and Coelacanth-1 wells (both unsuccessful). The year-6 work programme now requires completion of ongoing geotechnical studies and review of the remaining leads within the permit, with the aim of developing a drillable prospect.

Due to the Megamouth-1 and Coelacanth-1 dry holes and currently no mature drillable prospects available, Vic/P45 is estimated to have no attributable value at present.



Prospects and Leads Map – Vic/P45

Figure 6: Prospects and Leads map of Vic/P45 Permit, the Gippsland Basin

3.7 Vic/P41 (25% Interest)

The Vic/P41 permit is located in the offshore Gippsland Basin, approximately 40 km south of the eastern Victorian coast as shown in **Figure 7** below.

The Lead A Junger and Wilde features all demonstrate structural closure based on recent mapping. Lead A also exhibits anomalous amplitude responses that may be indicative of hydrocarbons and warrant further investigation. To that end, seismic inversion and basin modelling projects are progressing. The 2D seismic interpretation project also integrated updated mapping of the Oscar prospects and highlighted the potential of the Oscar East prospect. Oscar East is defined on 3D seismic data and is on trend with, and analogous to, the producing Basker/Manta/Gummy ("BMG") fields which are outside and to the west of the Vic/P41 permit.

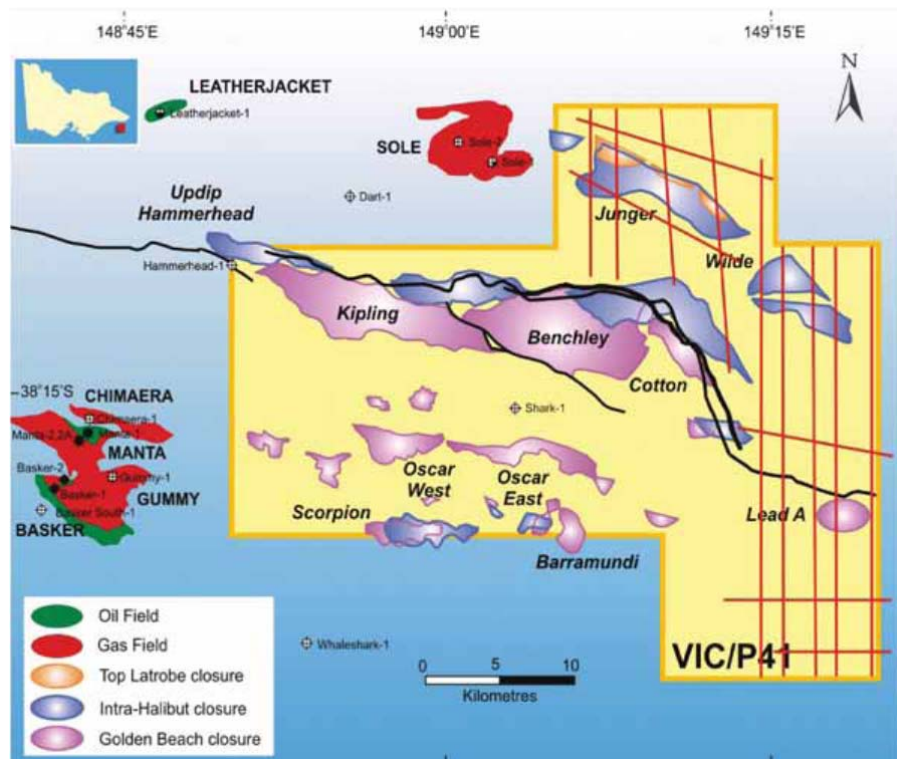


Figure 7: Prospects and Leads map of Vic/P41 Permit, the Gippsland Basin (2D seismic line indicated)

The Vic/P41 permit value is based on the book value as of December 2010.

3.8 EPP34 and EPP35 (20% Interest each)

EPP 34 contains several prospects and leads including Lead A Socrates, Lead C Pearl, Lead D, and Lead E Dundee. The potential source kitchen is the Morum Sub basin. The identified prospects and leads in EPP 35 include Pinchout Play, Nora/Creina, Admella, Margit; Phaeton, and Euro. The Troas gas discovery occurs in the EPP 35 permit. The location of the permits is shown in **Figure 8**.

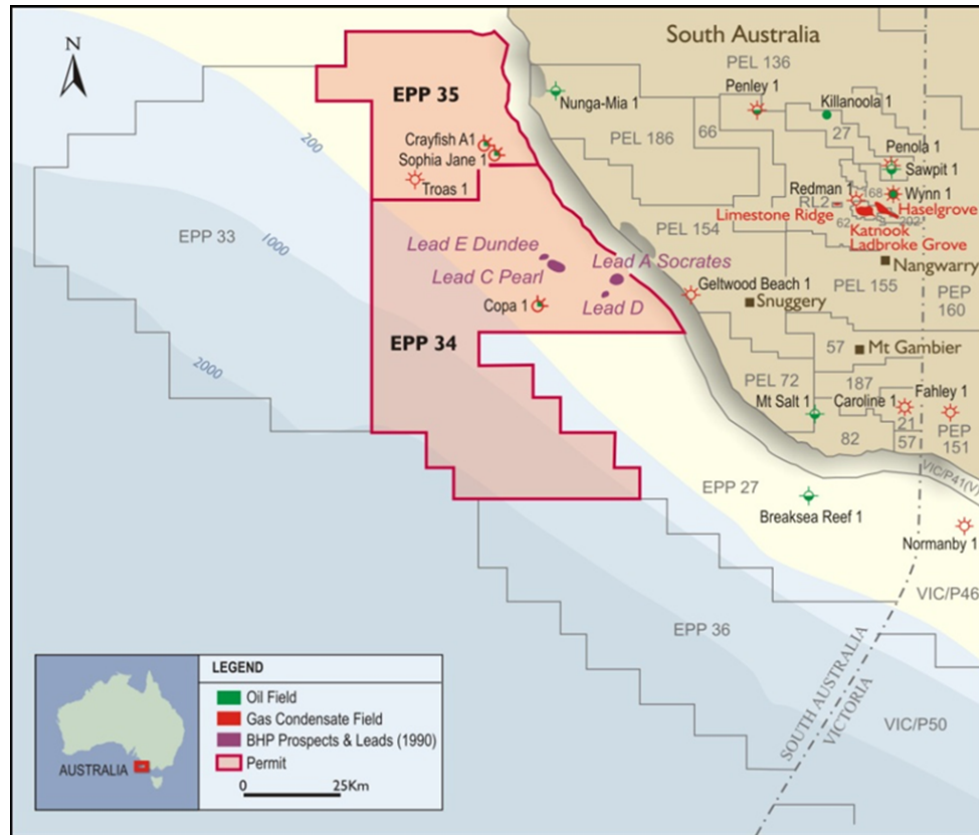


Figure 8: Location map of EPP 34 and EPP 35 Permit, the Otway Basin

The EPP 34 permit is in year-6 of the initial term after the Joint Venture was granted a variation to the work programme that sees the well obligation moved to the initial term of a renewal of the permit, should such a renewal be applied for. The variation was sought to enable the completion of the current phase of integration and interpretation of the new Trocopa 2D seismic data and reprocessed old seismic data, prior to a decision then being made on what would be the appropriate next step in exploring the permit.

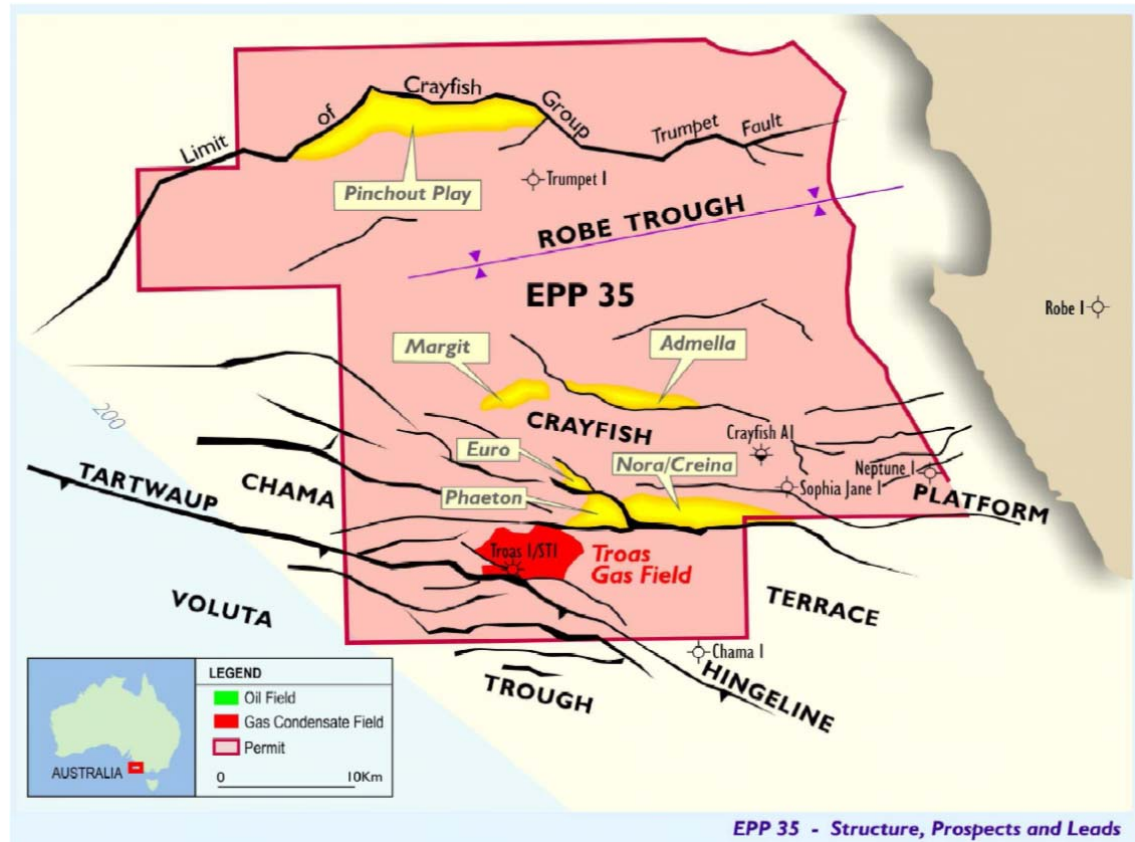


Figure 9: Prospects and Leads map of EPP35 Permit, the Otway Basin

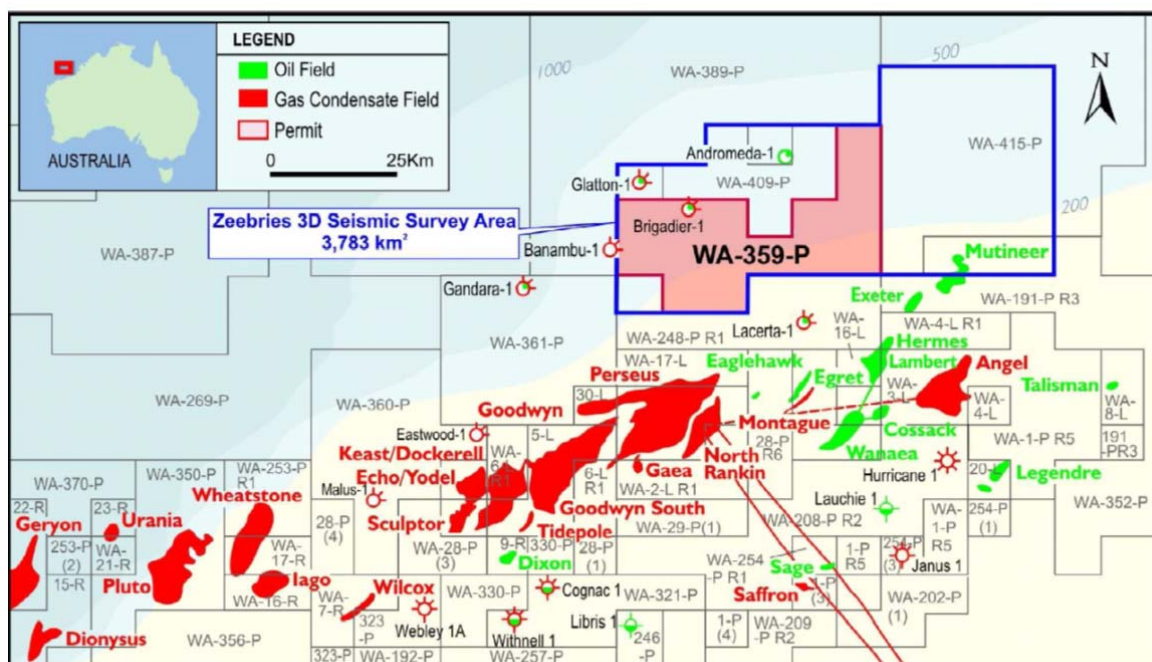
EPP 35 contains the Troas gas accumulation (**Figure 9**), where gas indications were noted over more than 1,000 metres of sedimentary section during drilling of the Troas-1 and ST1 well. The permit therefore has a proven hydrocarbon system in place. The focus of the EPP 35 Joint Venture has thus been on the Troas Deep Prospect, where it is planned to acquire a 325 km² 3D seismic grid over the Troas complex. The permit is located approximately 100 km from the gas pipeline to Adelaide and is endowed with a wide range of potential prospects.

EPP-34 and EPP-35 values are derived from the book values as at 30 December 2010.

4. Exoil Limited

4.1 WA-359P (30% after Apache farmin)

WA-359-P is located in the Dampier Sub-basin offshore Carnarvon Basin from Western Australia and covers an area of approximately 1,200 km² in water depths of less than 500 metres (**Figure 10**). 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. The WA-359-P Joint Venture has been granted a further variation to the terms of the permit that has removed the year-6 obligation to drill an exploration well and replaced it with geotechnical studies.



The Zeebries 3D Seismic Survey of 3,783 km²

Figure 10: Location map of WA-359-P Permit, the Dampier Sub-basin (Zeebries 3D seismic survey area indicated)

On 21 October 2010, Moby's subsidiary, Rankin Trend, entered into a farmout agreement with a subsidiary of Apache Corporation ("Apache") under which Apache agreed to fund the acquisition, processing, mapping and interpretation of 1,000 km² of 3D seismic data within the area of permits WA-359-P and WA-409-P to earn Apache a 40% equity interest and operatorship in each of those permits. On completion of that earn-in, Rankin Trend's interest in WA-409-P will reduce to 30% and Exoil's interest in WA-359-P will reduce to 30%. The Authority for Expenditure ("AFE") for the 1,000 km² of 3D seismic data contracted to be carried out to earn Apache's 40% interest in each permit was an amount of A\$6.81 million. The farmin is subject to normal regulatory approvals.

The 1,000 km² of seismic is part of a much larger new 3,783 km² 3D seismic survey, called Zeebries being carried out by Apache. Apache proposes to incorporate 1,212 km² area of the WA-359-P permit within that survey but is not obliged to by the terms of its farmin agreement with Moby Oil & Gas Limited.

The aim of the Zeebries 3D survey is to define several new, potentially drillable prospects within the area of the survey. The survey, which will take about three months to acquire, covers the whole of WA-409-P and WA-359-P. It also covers parts of WA-418-P, WA-412-P, WA-389-P, WA-191-P and WA-26-L in which neither Moby nor Exoil have any interest. Subsequent processing and interpretation is expected to take much longer.

Under the farmin Apache may elect to drill a well in either WA-359-P or WA-409-P. Apache has no obligation to drill any well. If Apache does elect to drill a well in either WA-359-P or WA-409-P it will increase its interest in each permit to up to 70%. This equates to a retained interest by Rankin Trend of 15% in WA-409-P and 15% by Exoil in WA-359-P.

If Apache elects to drill a well in either permit, Rankin Trend (in WA-409-P) or Exoil (in WA-359-P) can elect to fund 5% of the costs of the well and, by so doing, maintain its potential interest in the relevant permit at 20%. However, the interest of the other of them, in the permit in which the well is not being drilled, will still reduce to 15%.

Our valuations of WA-359-P and WA-409-P are based on the seismic farmin value attributable to each block.

4.2 WA-333-P (25.375% Interest)

The WA-333-P is located in the Browse Basin (Figure 1).

Exoil Limited holds 25.375% Interest of the permit through its subsidiary Braveheart Resources Pty Ltd.

Following the unsuccessful Braveheart-1 well we ascribe no value to WA-333-P.

4.3 WA-342-P (13.1% Interest)

The WA-342-P is located in the Browse Basin of which the main prospect is the Cornea discovery (**Figure 2**).

Exoil Limited holds 13.1% Interest of the permit through its subsidiary Cornea Resources Pty Ltd.

Exploration and evaluation information of the permit is presented in Section 3.2. The valuation of WA-342-P containing the Cornea discovery was derived by comparative market transactions based on its contingent resources, for both Moby Oil & Gas and Exoil Limited in proportion to their net WI shares.

4.4 Vic/P45 (50% Interest)

The Vic/P45 permit is located in the offshore Gippsland Basin, approximately 90 km south of the eastern Victorian coast (Figure 5 and 6).

Prospects and leads include the Nereus, Boxfish, Hardyhead, Scampi, Jackfish, Grenadier, Galaxias (Archer), Hera, Sartoga, Athena, Trident, Neptune and Errol prospects. Wells Megamouth-1 and Coelacanth-1 have been drilled.

The Vic/P45 Joint Venture recently has been granted a variation to the year-6 terms of the permit following the drilling of the Megamouth-1 and Coelacanth-1 wells (both unsuccessful). The year-6 work programme now requires completion of ongoing geotechnical studies and review of the remaining leads within the permit, with the aim of developing a drillable prospect.

Exoil Limited holds 50% Interest of the permit and is operator.

Due to the Megamouth-1 and Coelacanth-1 dry holes and currently no mature drillable prospects available, Vic/P45 is estimated to have no attributable value at present.

4.5 T/37P and T/38P (50% Interest each)

T/37P and T/38P are adjacent permits located in the Bass Strait region, north of Tasmania and east of King Island (Figure). Each permit consists of 40 graticular blocks and cover areas of approximately 2,670 km² (T/37P) and 2,655 km² (T/38P). Water depths across the permits are less than 75 metres.

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

During the first 3 years of the permits, 3,000 line kms of new 2D seismic data was acquired in T/37P and 670 line kms acquired in T/38P. 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 and a well, Spikey Beach-1, was drilled in T/38P but failed to encounter hydrocarbons.

More recently, variations to the work programs for the permits were granted. T/37P, now in year-6, has had the well obligation deferred to the second term of the permit, while T/38P, now in year-5, has had the requirement to acquire a new 200 km² 3D seismic survey deferred to year-6 of the permit.

T/37P and T/38P are assessed at their book value.

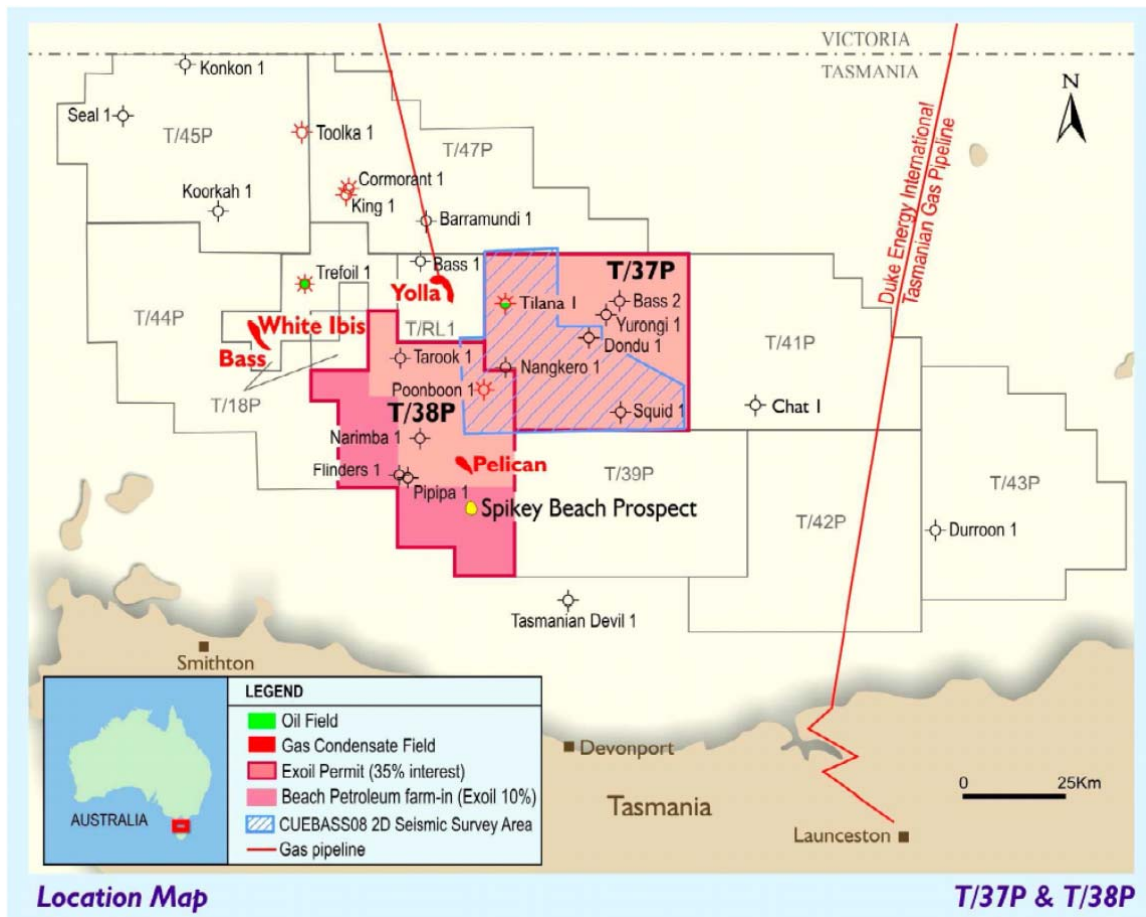


Figure 11: Location map of T37P and T38P Permit, the Bass Basin

4.6 EPP-34 (15% Interest) and EPP-35 (30% Interest)

The EPP 34 in Otway Basin contains several prospects and leads including Lead A Socrates, Lead C Pearl, Lead D, and Lead E Dundee. The potential source kitchen is the Morum Sub basin. EPP 35 identified prospects and leads include Pinchout Play, Nora/Creina, Admella, Margit; Phaeton, and Euro. The Troas gas discovery occurs in the EPP 35 permit. The location of the permits is shown in **Figure 12**.

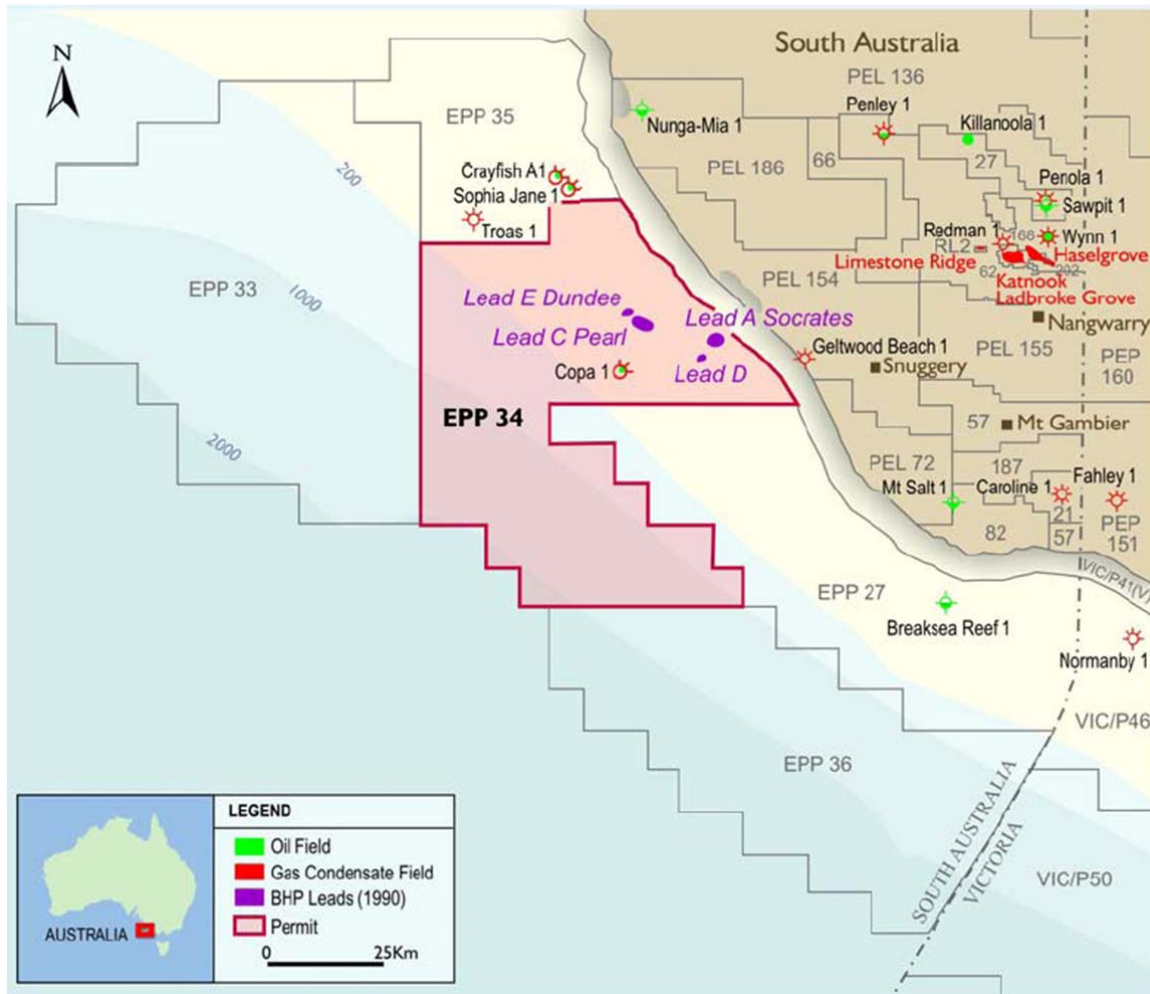


Figure 12: Location map of EPP-34 Permit with prospects and leads, the Otway Basin

The low saturation/tight gas at Troas-1 (in adjacent EPP 35) is encouraging for the inner area of the block north of the Morum High. Troas-1 had 1000m of formation with low gas saturation. Several other wells in EPP 35 have indications of gas. Confidence in gas charge is high. It appears the presence of effective reservoir seal pairings are the main risk. High CO₂ content is a feature of gas accumulations in this area (RPS, 2010). On 30 June 2008, Exoil reported that acquisition of the Trocopa 2D survey of 1100km in the northern half of the block was complete. This data is still being processed/interpreted. Therefore, it is not possible to assess the prospectivity before the full interpretation and mapping completed. Exoil's 25% share of the seismic acquisition and processing cost was met by Gascorp to earn 10% of Exoil's 25% interest prior to the seismic programme and left Exoil at 15% after the farmin.

In summary, the EPP-34 and EPP-35 values are assessed based on the book values further plus the share of seismic cost carried by Gascorp.

5. Valuation Summary

Permit interests and estimated values for Moby Oil & Gas Limited and Exoil Limited as at 21 February 2011 are presented in the following Table 8.

Table 8: Summary of Valuations for Moby Oil & Gas Limited and Exoil Limited

Moby Oil&Gas Limited

Permit	Interest	Estimated Value (A\$)
WA-333-P	26.4375%	0
WA-342-P	22.375%	8,335,943
WA-360-P	10%	0
WA-409-P	50%	655,268
Vic/P47	35%	1,048,964
Vic/P45	50%	0
Vic/P41	25%	2,002,556
EPP34	20%	200,000
EPP35	20%	22,947
Total (A\$)	0	12,265,678

Exoil Limited

Permit	Interest	Estimated Value (A\$)
WA-359-P	30%	1,403,154
WA-333-P	25.38%	0
WA-342-P	13.10%	4,946,640
Vic/P45	50%	0
T/37P & T/38P	50%	766,361
EPP34	15%	162,832
EPP35	30%	38,360
Total (A\$)	0	7,317,347

The valuations presented in our report are based on the most recent available data for the exploration blocks held by Moby Oil & Gas Limited and Exoil Limited.

We have assumed the substantial commitments required to be met by Exoil Limited as detailed in **Appendix 3**, will be met either by farmout or by relinquishment in the event no farminee can be found.

6. References

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Appendices

Appendix 1: Recent relative comparative transaction

COMPARATIVE FARMINS/FARMOUT TRANSACTIONS

Farmout Company	Farmin Company	ASX&Media Release		Basin / Country	Petroleum Exploration Permit	Reserves Net (1P,2P,3P)		Type	Key terms	Market Transaction Unit Value (gas: BCF/A\$ million; Oil: mmbbl/A\$million) (based on 1A\$ = 0.9US\$)
		Dated	Title				Prospective Resources Net (gas: BCF, oil: MMBBL)			
Blue Energy Limited (ASX: BUL)	Korea Gas	7-Jul-10; 29-Jun-09	1. KOGAS Share Placement Agreement Executed; 2 Extension of KOGAS Farmin Option	Bowen & Surate Basin, Australia	All Blue Energy's exploration permits		700 BCF (NSAI certified)	Exploration/appraisal CBM	* KOGAS pay \$12.571 million to acquire 10% shares of Blue Energy;	32.8 (BCF/A\$million)
CUE Energy Resources Limited (ASX:CUE)	Woodside Petroleum (ASX:WPL)	19-Jul-10	WA389-P Farmin Agreement Signed	Carnarvon Basin, Australia	WA-389-P		3900.0	Exploration, conventional oil & gas	* Woodside acquire 65% interest in the permit, by paying - Cue's back cost of US\$5mm; -100% cost for 1440km ² new 3D acquisition and existing 3D seismic data reprocessing; -100% cost for 1 st exploration well; *Caterina prospect estimated to contain 10.7TCF OGIP according to Cue;	86.7 (BCF/A\$million)
CUE Energy Resources Limited (ASX:CUE)	A major International E&P Company	25-Jun-10	Cue Sells Interest in PRL8 in PNG for \$5.14M	Papuan Basin, Papua New Guinea	PRL8	30BCF (2P)		Appraisal/ Development	*Sale of 10.72% interest in PRL8 which contains Kimu gas field;	6.5 (BCF/A\$million) 2P
Mosaic Oil NL (ASX: MOS)	Unnamed International E&P Company	25-Jun-10	Mosaic Oil sells PNG Subsidiary for a minimum amount of US\$11 million	Papuan Basin, Papua New Guinea		80 BCF (2P)		Appraisal/ Development	*Sale of PNG subsidiary company for US\$11 million in cash. The major asset held is a 28.5714% interest in PRL08 which contains the Kimu gas discovery. In addition, Mosaic will receive a contingent cash payment of either US\$0.10 per gigajoule for any proven plus probable (2P) reserve increases prior to 31 December 2012, or choose a firm, fixed amount of US\$2.7 million in cash at any time before the appraisal well is drilled.	5.3 (BCF/A\$million) 2P

Farmout Company	Farmin Company	ASX&Media Release		Basin / Country	Petroleum Exploration Permit	Reserves Net (1P,2P,3P)		Type	Key terms	Market Transaction Unit Value (gas: BCF/A\$ million; Oil: mmbbl/A\$million) (based on 1A\$ = 0.9US\$)
		Dated	Title				Prospective Resources Net (gas: BCF, oil: MMBBL)			
Moby Oil and Gas Limited (ASX:MOG)	MEO Australia Limited (ASX:MEO)	10-Jun-10	Acquires additional 5% equity in WA-360_P	Carnarvon Basin, Australia	WA-360-P		600 BCF	Exploration, conventional oil & gas	* Acquires additional 5% equity in WA-360_P for US\$7m cash. *Artemis prospect containing estimated mean prospective gas resources approximately 12 TCF. *Planned LNG processing infrastructure.	77.1 (BCF/A\$million)
Tap Oil Limited	Apache Energy Limited	13-May-10	TAP Farms out WA-290-P (ZOLA Prospect)	Carnarvon Basin, Australia	WA-290-P		110 BCF	Exploration, conventional oil & gas	* Apache paying a promoted share of the costs of the Zola-1 for 10% interest in WA-290-P. *Zola prospect as estimated by Tap containing recoverable gas volumes of a mid case of approximately 1TCF. WA-290-P also contains the Antiope stranded gas resource of approximately 120 BCF.	36.7 (BCF/A\$million)
Discovery Geo Corporation, Tamark Pty Ltd and CG Operating, Inc	Mosaic Oil NL (ASX: MOS)	19-Apr-10	Mosaic Oil Farm-in to Large Cooper-Eromanga Basin Exploration Permit	Cooper-Eromanga Basin	ATP 1056P		163 mmbbls	Exploration, conventional oil & gas	*A 40% interest in ATP 1056P for consideration of approx A\$16 million; * Mosaic's preliminary assessment suggesting a risked prospective resource in the range of 5 to 30 MMBBLs (unrisked prospective resource approximately 163mmbbls).	4.1 (mmbbls/A\$million)
MEO Australia Limited (ASX:MEO)	Petrobras International Braspetro BV	14-Apr-10	MEO Executes binding farm-in agreement with Petrobras International Braspetro BV	Carnarvon Basin, Australia	WA-360-P		6000 BCF	Exploration, conventional oil & gas	*Petrobras earn 50% equity in WA-360-P by funding 100% of the 1 st well capped by US\$41million, and paying MEO a cash bonus of US\$31.5million plus past cost of US\$7.5 million; *on a successful case, Petrobras funding 70% cost for two follow-up wells capped by US\$62million per well, plus an additional bonus of US\$31.5 million cash. * Artemis prospect estimated to contain mean prospective resources of approximately 12 Tcf gas.	75 (BCF/A\$million)

Farmout Company	Farmin Company	ASX&Media Release		Basin / Country	Petroleum Exploration Permit	Reserves Net (1P,2P,3P)				Market Transaction Unit Value (gas: BCF/A\$ million; Oil: mmbbl/A\$million) (based on 1A\$ = 0.9US\$)
		Dated	Title			Prospective Resources Net (gas: BCF, oil: MMBBL)	Type			
Salamander Energy Plc	Origin Energy Limited (ASX: ORG)	4-Dec-09	Origin to acquire interest in a diverse SE Asian exploration portfolio	Petroleum basins in SE Asia	Block L26/50 & L15/50 (40%WI,Thailand), Block 31& DBSCL-01 PSC (25%WI,Vietnam); Savannakhet PSC (30%WI,Laos)		ca. 120 mmoeb (Salamander source)	Exploration /appraisal conventional oil & gas	*Origin fund the next US\$50 million of JV exploration & appraisal expenditure across the five blocks, and may fund up to an additional US\$40 million of appraisal expenditure in the event of exploration success. *wells planned in four of the five blocks, targeting gross un-risked prospective resources in excess of 400 million barrels of oil equivalent (Salamander estimate); and two onshore appraisal wells on the Dao Ruang gas discovery in block L15/50.	12.6 (BCF/A\$million)
New Guinea Energy Limited (ASX: NGE)	Talisman Energy Inc,	18-Sep-09	Binding Farm-In Agreements with Multi National Oil Company Finalised	Papuan Basin, Papua New Guinea	PPL268 & 269		500 BCF	Exploration, conventional oil & gas	*Talisman acquires 15% WI in PPL 268 and 50% in PPL 269; *Talisman reimburses NGE approximately AUD\$6.2 million for past cost expended on PPL269, and fund a seismic program (up to a maximum of US\$6 million), drill a well up to a maximum of US\$15 million; * Talisman reimburse NGE approximately AUD\$2.5 million for past cost expended on PPL 268 and fund a seismic program (up to a maximum of US\$5 million).	13.8 (BCF/A\$million)
Eastern Star Gas Limited (ESG) & Hillgrove Resources Limited	Santos (ASX: STO)	2-Jul-09	Santos increases strategic coal seam gas position in Gunnedah Basin	Gunnedah Basin	PEL 238,433 &434	624PJ (3P)		Exploration /appraisal CBM	Key elements of the \$476 million transaction include: -- acquisition of Gastar Exploration Limited's 35% interest in various Gunnedah Basin exploration permits and production areas operated by ESG for \$300 million; - acquisition of a 19.99% interest in ESG from Hillgrove Resources Limited for \$176 million1.	0.74 (A\$/GJ) 3P
Woodside Petroleum (WPL)	PTTEP	13-Jan-10		Browse Basin	WA-378-P, WA-396-P, and WA-397-P			Exploration, conventional oil & gas	PTTEP Australasia farm into Woodside Petroleum to acquire a 20% interest in petroleum exploration permits WA-378-P, WA-396-P, and WA-397-P (deep water).	

Farmout Company	Farmin Company	ASX&Media Release		Basin / Country	Petroleum Exploration Permit	Reserves Net (1P,2P,3P)		Type	Key terms	Market Transaction Unit Value (gas: BCF/A\$ million; Oil: mmbbl/A\$million) (based on 1A\$ = 0.9US\$)
		Dated	Title				Prospective Resources Net (gas: BCF, oil: MMBBL)			
Finder Exploration Pty Ltd	Sasol Petroleum Australia Limited	29-Jan-09	Finder Farm-out Browse Permit - AC/P 52 to Sasol	NW Browse Basin, Australia	AC/P 52.			Exploration, conventional oil & gas	* Sasol earn 45% WI in AC/P 52 permit; *JV companies will acquire and interpret 500 km2 of 3D data; *several key prospects and leads, including the large multi-TCF size "Cronus" gas prospect.	

Appendix 2: Block work and expenditure commitments

MOBY PERMIT WORK OBLIGATIONS

Petroleum Exploration Permit	Moby Group Holder and Interest Held	Permit Year	Work Program Commitment and Committed Work	Estimated Cost (Company's Share)	Timing of Costs (See Notes Below)	Notes
WA-333-P	Moby Oil & Gas Limited 26.4375%	Year 6	By 31 March 2011: Acquire 100 km new 2D seismic survey	\$0		Work completed
WA-342-P	Moby Oil & Gas Limited 22.375%	Year 1	By 4 January 2012: Geotechnical studies	\$55,950	2.	Part of committed work programme
		Year 2	By 4 January 2013: Geotechnical studies	\$55,950	3.	Part of committed work programme
		Year 3	By 4 January 2013: Drill one well	\$4,475,000	5.	Part of committed work programme
		Year 4	By 4 January 2014: Reprocess 1,000 km ² of existing 3D seismic	\$335,650	6.	Uncommitted expenditure
		Year 5	By 4 January 2015: Geotechnical studies	\$55,950	6.	Uncommitted expenditure
WA-360-P	Rankin Trend Pty Ltd 10%	Year 5	By 31 January 2011: Drill one well	\$0		Work completed
		Year 6	By 31 January 2012: Geotechnical studies	\$20,000	2.	Uncommitted expenditure
WA-409-P	Rankin Trend Pty Ltd 30%	Year 3	By 29 April 2011: Acquire 550 km ² new 3D seismic survey	\$0		Work underway and being undertaken by and at the cost of farminee

Petroleum Exploration Permit	Moby Group Holder and Interest Held	Permit Year	Work Program Commitment and Committed Work	Estimated Cost (Company's Share)	Timing of Costs (See Notes Below)	Notes
		Year 4	By 29 April 2012: Geotechnical studies	\$0		Uncommitted expenditure to be undertaken by farminee
		Year 5	By 29 April 2013: Geotechnical studies	\$0		Uncommitted expenditure to be undertaken by farminee
		Year 6	By 29 April 2014: Drill one well	\$0		Uncommitted expenditure contingently to be undertaken by farminee
Vic/P41	Moby Oil & Gas Limited 30%	Year 5	By 19 September 2010 Geotechnical studies	\$75,000	1.	Under application for 12 month suspension and extension
		Year 6	By 19 September 2011: Drill one well	\$0		Uncommitted expenditure and will farm out or not enter Year 6
Vic/P45	Moby Oil & Gas Limited 50%	Year 6	By 15 May 2011: Geotechnical studies	\$37,500	1.	Work underway
Vic/P47	Moby Oil & Gas Limited 35%	Year 2	By 15 November 2011: Reprocess 159 km ² of existing 3D seismic	\$87,500	2.	Work underway
		Year 3	By 15 November 2012: Gas market studies and conceptual appraisal planning	\$350,000	3.	Part of committed work programme
		Year 4	By 15 November 2013: Well planning	\$350,000	6.	Uncommitted expenditure

Petroleum Exploration Permit	Moby Group Holder and Interest Held	Permit Year	Work Program Commitment and Committed Work	Estimated Cost (Company's Share)	Timing of Costs (See Notes Below)	Notes
		Year 5	By 15 November 2014: Drill one well	\$0		Uncommitted expenditure and will farm out or not enter Year 5
EPP 34	Moby Oil & Gas Limited 20%	Year 6	By 24 June 2011: Geotechnical studies	\$60,000	1.	Work underway
EPP 35	Moby Oil & Gas Limited 20%	Year 5	By 16 August 2011: Geotechnical studies	\$70,000	2.	Work underway
		Year 6	By 16 August 2011: Drill one well	\$0		Uncommitted expenditure and will farm out or not make the commitment
			TOTAL COSTS	\$6,028,500		SEE BELOW FOR A DETAILED ANALYSIS

NOTES

1. The number references in the 'Timing of Costs' column relate to the Breakdown Analysis on the final page below.
2. The amounts in the Estimated Costs column are the estimated expenditures taken from the relevant permit grant documents.

MOBY TIMELINE OF WORK OBLIGATIONS - 31 DECEMBER YEARS

PERMIT	PERMIT YEAR	WORK OBLIGATION	TO BE COMPLETED BY 31 DECEMBER			
			2011 \$	2012 \$	2013 \$	2014/15 \$
WA-342-P	Year 1	By 4 January 2012: Geotechnical studies	\$55,950			
WA-342-P	Year 2	By 4 January 2013: Geotechnical studies		\$55,950		
WA-342-P	Year 3	By 4 January 2014: Drill one well			\$4,475,000	
WA-342-P	Year 4	By 4 January 2015: Reprocess 1,000 km ² of existing 3D seismic				\$335,650
WA-342-P	Year 5	By 4 January 2016: Geotechnical studies				\$55,950
WA-360-P	Year 6	By 31 January 2012: Geotechnical studies		\$20,000		
Vic/P41	Year 5	By 19 September 2010 Geotechnical studies	\$75,000			
Vic/P45	Year 6	By 15 May 2011: Geotechnical studies	\$37,500			
Vic/P47	Year 2	By 15 November 2011: Reprocess 159 km ² of existing 3D seismic	\$87,500			

	Year 3	By 15 November 2012: Gas market studies and conceptual appraisal planning		\$350,000		
	Year 4	By 15 November 2013: Well planning			\$350,000	
EPP 34	Year 6	By 24 June 2011: Geotechnical studies	\$60,000			
EPP 35	Year 5	By 16 August 2011: Geotechnical studies	\$70,000			
		SHARE OF COSTS FOR EACH CALENDAR YEAR	\$385,950	\$425,950	\$4,825,000	\$391,600
		UNCOMMITTED PORTION	\$0	\$20,000	\$350,000	\$391,600

BREAKDOWN ANALYSIS OF 'TIMING OF COSTS'

The following are the relevant portions of the TOTAL COSTS of **\$6,028,500** that fall into the next 3 30 June years. It identifies that \$811,900 is scheduled to be incurred over the 30 months, of which \$791,900 is COMMITTED costs (i.e. primary term).

30 JUNE YEARS

1.	Costs to be incurred by 30 June 2011	172,500
2.	Costs to be incurred by 30 June 2012	233,450
3.	Costs to be incurred by 30 June 2013	<u>405,950</u>
	Costs over next 30 months	811,900
4.	Uncommitted costs in 2. & 3.	<u>20,000</u>
	Committed Costs over next 30 months	<u>791,900</u>
5.	Committed costs after 30 June 2013	\$4,475,000
6.	Uncommitted costs after 30 June 2013	\$741,60

EXOIL PERMIT WORK OBLIGATIONS						
Petroleum Exploration Permit	Exoil Group Holder and Interest Held	Permit Year	Work Program Commitment and Committed Work	Estimated Cost (Company's Share)	Timing of Costs (See Notes Below)	Notes
WA-333-P	Braveheart Resources Pty Ltd 25.375%	Year 6	By 31 March 2011: Acquire 100 km new 2D seismic survey	\$0		Work completed and the content of a renewal application to be considered by the Braveheart Joint Venture
WA-342-P	Cornea Resources Pty Ltd 13.1%	Year 1	By 4 January 2012: Geotechnical studies	\$32,750	2.	Part of committed work programme
		Year 2	By 4 January 2013: Geotechnical studies	\$32,750	3.	Part of committed work programme
		Year 3	By 4 January 2013: Drill one well	\$2,620,000	5.	Part of committed work programme
		Year 4	By 4 January 2014: Reprocess 1,000 km ² of existing 3D seismic	\$196,500	6.	Uncommitted expenditure
		Year 5	By 4 January 2015: Geotechnical studies	\$32,750	6.	Uncommitted expenditure
WA-359-P	Exoil Limited 30%	Year 6	By 31 January 2012: Acquire 1,212 km ² new 3D seismic survey	\$0		Work underway and being undertaken by and at the cost of the farminee
Vic/P45	Exoil Limited 50%	Year 6	By 15 May 2011: Geotechnical studies	\$37,500	1.	Work underway

Petroleum Exploration Permit	Exoil Group Holder and Interest Held	Permit Year	Work Program Commitment and Committed Work	Estimated Cost (Company's Share)	Timing of Costs (See Notes Below)	Notes
EPP 34	Exoil Limited 15%	Year 6	By 24 June 2011: Geotechnical studies	\$45,000	1.	Work underway
EPP 35	Exoil Limited 30%	Year 5	By 16 August 2011: Geotechnical studies	\$105,000	2.	Work underway
		Year 6	By 16 August 2011: Drill one well	\$0		Uncommitted expenditure and will farm out or not enter Year 6
T/37P	Exoil Limited 70%	Year 6	By 8 December 2011: Geotechnical Studies	\$100,000	2.	Work underway
T/38P	Exoil Limited 100%	Year 5	By 8 December 2011: Acquire 200 km ² new 3D seismic survey	\$100,000	2.	Work underway
		Year 6	By 8 December 2012: Acquire 200 km ² new 3D seismic survey	\$0		Uncommitted expenditure and will farm out or not enter Year 6
			TOTAL COSTS	\$3,302,250		SEE BELOW FOR A DETAILED ANALYSIS

NOTES

3. The number references in the 'Timing of Costs' column relate to the Breakdown Analysis on the final page below.
4. The amounts in the Estimated Costs column are the estimated expenditures taken from the relevant permit grant documents.

EXOIL LIMITED TIMELINE OF WORK OBLIGATIONS - 31 DECEMBER YEARS

PERMIT	PERMIT YEAR	WORK OBLIGATION	TO BE COMPLETED BY 31 DECEMBER			
			2011 \$	2012 \$	2013 \$	2014/15 \$
WA-342-P	Year 1	By 4 January 2012: Geotechnical studies	\$32,750			
WA-342-P	Year 2	By 4 January 2013: Geotechnical studies		\$32,750		
WA-342-P	Year 3	By 4 January 2014: Drill one well			\$2,620,000	
WA-342-P	Year 4	By 4 January 2015: Reprocess 1,000 km ² of existing 3D seismic				\$196,500
WA-342-P	Year 5	By 4 January 2016: Geotechnical studies				\$32,750
Vic/P45	Year 6	By 15 May 2011: Geotechnical studies	\$37,500			
EPP 34	Year 6	By 24 June 2011: Geotechnical studies	\$45,000			
EPP 35	Year 5	By 16 August 2011: Geotechnical studies	\$105,000			
T/37P	Year 6	By 8 December 2011: Geotechnical Studies	\$100,000			

T/37P	Year 6	By 8 December 2011: Geotechnical Studies	\$100,000			
		SHARE OF COSTS FOR EACH CALENDAR YEAR	\$420,250	\$32,750	\$2,620,000	\$229,250
		UNCOMMITTED PORTION	\$0	\$0	\$0	\$229,250

BREAKDOWN ANALYSIS OF 'TIMING OF COSTS'

The following are the relevant portions of the TOTAL COSTS of **\$3,302,250** that fall into the next 3 30 June years. It identifies that \$253,000 is scheduled to be incurred over the 30 months, of which all are COMMITTED costs (i.e. primary term).

30 JUNE YEARS

1.	Costs to be incurred by 30 June 2011	82,500
2.	Costs to be incurred by 30 June 2012	337,750
3.	Costs to be incurred by 30 June 2013	<u>32,750</u>
	Costs over next 30 months	453,000
4.	Uncommitted costs in 2. & 3.	<u>0</u>
	Committed Costs over next 30 months	453,000
5.	Committed costs after 30 June 2013	2,620,000
6.	Uncommitted costs after 30 June 2013	<u>229,250</u>
	TOTAL COSTS	<u>3,302,250</u>

SECTION 9

TAXATION REPORT BY BLAZE ACUMEN.



Street and Postal address
Podium HWT Tower
40 City Road
Southbank Victoria 3006

Tel: 03 9694 3000
Fax: 03 9694 3010
www.blazeacumen.com.au

The Directors
Exoil Limited
Level 21
500 Collins Street
MELBOURNE VIC 3000

2 March 2011

Exoil Limited ("Exoil") Scheme of Arrangement

Dear Sirs

We refer to the recent discussions between Mr Graeme Menzies of Menzies & Partners (Exoil's legal advisor) and ourselves in respect to the proposed Schemes of Arrangement whereby certain Exoil shareholders will receive shares in Moby Oil & Gas Limited ("Moby") in exchange for their shares they hold in Exoil and all of Exoil's option holders will receive options in Moby in exchange for their options they hold in Exoil. If the proposed Schemes of Arrangement are implemented, Exoil will become 100% owned by the "non-participating" shareholders of Exoil.

You have sought our advice as to the tax implications to the shareholders and option holders of Exoil who exchange their Exoil shares or options for shares or options in Moby.

Generality of Advice

This advice is general in nature and does not constitute advice specific to any shareholder or option holder of either Exoil or Moby. Each shareholder and option holder should seek their own independent advice in respect to the taxation consequences of the Scheme of Arrangement.

Use of Advice

We understand this advice is for inclusion in the Exoil Scheme of Arrangement Booklet. We advise that the advice is based on the information provided to Blaze Acumen by Menzies & Partners contained in correspondence from Mr Menzies. The information provided includes all of the information contained in the Scheme Booklet of which this report forms part thereof ("the Scheme Booklet").



**Chartered
Accountants**

Liability Limited by a scheme approved under Professional Standards Legislation
Blaze Acumen Pty Ltd trading as Blaze Acumen [ABN 17 958 549 733]

Partners
Frank J Spillane
Brett A Jackson
Peter J Whelan

Peter J Horsburgh
Michelle L McKenzie

Details of the Scheme of Arrangement

It is proposed for Exoil to farm-out/Moby to farm-in Exoil's interest in the WA-359-P drilling option. The full details of farm-out/farm-in arrangement is contained in clause 39.6 of the Scheme Booklet.

Participating shareholders of Exoil will be issued with 1.35 Moby shares for each share they hold in Exoil. The shares held by the participating shareholders in Exoil will then be cancelled.

The holders of options in Exoil ("the option holders") will be issued with 1.35 options in Moby for each option they hold in Exoil. The options held by the option holders of Exoil will then be cancelled.

The non-participating shareholders of Exoil, which are Mr EG Albers and his associates will retain their shares in Exoil such that they will collectively own 100% of Exoil.

Subsequent to the implementation of the Scheme of Arrangement, Exoil will be delisted from the National Stock Exchange of Australia Ltd and intends to become a proprietary company.

Issues to be Addressed

- a) the availability of capital gains tax ("CGT") rollover relief under the Income Tax Assessment Act 1936 or the Income Tax Assessment Act 1997 (ITAA 1997). Specifically, whether rollover is available under the scrip for scrip rollover rules contained in Division 124M; and
- b) the taxation treatment of the issue of Moby shares options and the cancellation of the Exoil shares and options.

CGT Rollover Relief

We advise that there is no CGT rollover available to the shareholders or option holders of Exoil who are exchanging their shares and/or options in Exoil for shares and/or options in Moby.

Specifically, a rollover under sub-division 124M of the ITAA 1997 (commonly referred to as "scrip for scrip rollover") is not available in the circumstances of the Scheme of Arrangement.

In this regard, pursuant to subdivision 124M, a CGT rollover is available where a company offers shares in itself in exchange for shares in another company provided certain conditions are satisfied. Similarly, CGT rollover is also available where a company offers options in itself in exchange for options in another company provided certain conditions are satisfied.

A primary condition for the scrip for scrip rollover is that the company issuing the shares or options in itself (in this case Moby) acquires 80% or more of the voting shares in the acquired entity (in this case Exoil).

Clearly, in this case, Moby is not acquiring 80% of the voting shares in Exoil (indeed it is not acquiring any shares in Exoil). Consequently, rollover under sub-division 124M is not available in relation to the Scheme of Arrangement.

There are no other CGT rollovers available.

Taxation Consequences for the Exchanging Shareholders

As there is no CGT rollover available to the exchanging shareholders, they will have disposed of their shares in Exoil and received shares in Moby as consideration. Subject to the comments below about the shareholders holding the shares as trading stock or on revenue account, the shareholders will make a capital gain or capital loss on the disposal (cancellation) of their shares in Exoil. CGT event C2 treats the cancellation of the shares as a disposal of the shares.

A capital gain will result if the value of the shares received in Moby as consideration for the Exoil shares is greater than the cost base or reduced cost base of the Exoil shares. If a gain results, the shareholder may, depending on the profile of the particular shareholder, be entitled to the 50% CGT discount if the shares or options have been held for 12 months or more.

In this regard, it should be noted that no discount is available if the shareholder is a company or a trust which accumulates the capital gain. In addition, if a shareholder is a complying superannuation fund the discount is 33⅓%. All shareholders should seek their own advice as to their own particular circumstances.

In the event that the value of the Moby shares is less than the cost base or reduced cost base of the Exoil shares the shareholder will make a capital loss.

Taxation Consequences for the Exchanging Option Holders

As there is no CGT rollover available to the exchanging option holders, they will have disposed of their options in Exoil and received options in Moby as consideration. Subject to the comments below about the option holders holding the options as trading stock or on revenue account, the option holders will make a capital gain or capital loss on the disposal (cancellation) of the options. CGT event C2 treats the cancellation of the options as a disposal of the options.

A capital gain will result if the value of the options received in Moby as consideration for the Exoil options is greater than the cost base or reduced cost base of the options. If a gain results, the option holder may, depending on the profile of the option holder, be entitled to the 50% CGT discount if the options have been held for 12 months or more.

In this regard, it should be noted that no discount is available if the option holder is a company or a trust which accumulates the capital gain. In addition, if a shareholder is a complying superannuation fund the discount is 33⅓%. All option holders should seek their own advice as to their own particular circumstances.

In the event that the value of the Moby options is less than the cost base or reduced cost base of the Exoil options the option holder will make a capital loss.

Foreign Shareholders and Foreign Option Holders

Foreign shareholders and foreign option holders of Exoil other than New Zealand shareholders or option holders are not entitled to receive shares or options in Moby under the Scheme of Arrangement. Instead the shares or options will be issued to a nominee who will dispose of them and the foreign shareholders or option holders will receive the net proceed of the sale. The New Zealand shareholders/option holders will receive Moby shares or options.

There will only be a tax consequence in Australia for the foreign shareholders and option holders if the shares or options in Exoil are taxable Australian property.

A share or option will only be taxable Australian property if it is a share or option in a company in which greater than 50% of the value of the company's assets are Australian real property or mining, quarrying or prospecting rights, if the minerals, petroleum or quarry materials are situated in Australia and the foreign shareholder owns 10% or more of the shares. As Exoil has oil drilling permits which, prima facie, may constitute greater than 50% of the value of its assets, its shares and options may be taxable Australian property and therefore the foreign shareholders/option holders may be subject to Australia's CGT rules on the disposal of the Exoil shares or options. However, based on the shareholder information we have been provided, it is unlikely that any foreign shareholder will own 10% or more of the shares or options in Exoil and therefore any capital gain or loss on the disposal of the shares or options may be disregarded.

The foreign shareholders and option holders should seek their own advice as to the tax consequences of the Scheme of Arrangement in their countries of residence.

Shareholders who hold shares as Trading Stock or on revenue account

Where any of the above shareholders or option holders hold their shares or options as trading stock or on revenue account, the shareholders/option holders may not be subject to the CGT rules on the disposal of the Exoil shares or options. If this is the case the shareholders/option

holders should seek their own advice as to the tax implications of the Scheme of Arrangement.

Yours Sincerely

A handwritten signature in black ink, appearing to be 'Phil Parry', written in a cursive style.

Phil Parry
Associate Director

SECTION 10

IMPLEMENTATION AGREEMENT

THIS IMPLEMENTATION AGREEMENT is made at Melbourne on March 2011

Between

MOBY OIL & GAS LIMITED (ABN 17 106 6563 794) of Level 21, 500 Collins Street, Melbourne Vic 3000 ("**Moby**")

and

EXOIL LIMITED (ABN 40 005 572 798) of Level 21, 500 Collins Street, Melbourne Vic 3000 ("**Exoil**")

WHEREAS Moby and Exoil have agreed in good faith to implement the Schemes upon and subject to the terms and conditions of this Implementation Agreement and to do all acts matters and things done or required to be done to implement the Schemes and all associated proposals as set out in the draft Explanatory Statement ordered by the Court as the Explanatory Statement to accompany the Scheme pursuant to the provisions of section 412 of the Corporations Act ("the Scheme Booklet").

IT IS NOW AGREED AND DECLARED between the parties as follows:

1. INTERPRETATION

1.1 Definitions

In this Implementation Agreement, unless the context otherwise requires, the following words and expressions have meanings as follows:

In this Implementation Agreement:

- (a) headings are for convenience only and do not affect interpretation;
- (b) terms defined in the Scheme Booklet of which this Implementation Agreement forms part shall, unless inconsistent with the context hereof, have the same meaning in this Implementation Agreement as they have in the Scheme Booklet as the case may be.
- (c) a reference to any document (including this Implementation Agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (d) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (e) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (f) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Implementation Agreement, and a reference to this Implementation Agreement includes any schedule, exhibit or annexure to this Implementation Agreement;
- (g) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (h) the word "includes" in any form is not a word of limitation; and
- (i) a reference to "\$" or "dollar" is to Australian currency.

1.2 Governing Law

This Implementation Agreement is governed by and will be construed according to the laws of Victoria.

1.3 Business Day

Except where otherwise expressly provided, where under this Implementation Agreement the day on which any act, matter or thing is to be done is a day other than a Business Day, such act matter or thing shall be done on the immediately succeeding Business Day.

2. IMPLEMENTATION AGREEMENT TO PROCEED WITH SCHEMES

The parties agree to propose the Schemes upon and subject to the terms and conditions of this Implementation Agreement.

3. CONDITIONS PRECEDENT

The obligations of the parties under this Agreement are subject to the satisfaction of the following condition precedents namely that:

3.1 Orders

- (a) there is no preliminary or final decision or decree issued by a Governmental Agency;
- (b) no action or investigation instituted or threatened by any Governmental Agency;
- (c) no application made to any Governmental Agency;

which restrains or prohibits or threatens to restrain or prohibit, or otherwise materially adversely impacts, the Schemes or either of them or the Transaction Documents.

3.2 Approval of both the Schemes

That:

- (a) at the Option Scheme Meeting, the Optionholders approve the Option Scheme being entered into, and
- (b) at the Option Scheme Meeting, the Optionholders approve the Option Scheme being entered into;

and that on the Second Court Date, the Court approves each of the Share Scheme and the Option Scheme and that each of the Schemes comes into effect in accordance with the Act.

3.3 Class Meeting and General Meeting

That each of the Class Meeting and the General Meeting passes the Capital Reduction Resolution by the requisite majority required under the Corporations Act.

3.4 Execution of WA-359-P Moby Farmin Agreement and other documents in relation to WA-359-P

That the Company and Moby shall have entered into the Moby Farmin Agreement and that Cue Exploration Pty Ltd (ACN 004 431 850) (being the joint holder of Petroleum Exploration Permit WA-359-P) and Apache Northwest Pty Ltd (ACN 58 009 140 854) (which is farming into WA-359-P pursuant to the Apache Farmin Agreement) shall each have given their respective consents to the Moby Farmin Agreement in form acceptable to Moby.

3.5 Moby General Meeting

That, if required by ASX under the Listing Rules, Moby convenes a meeting of its Members to pass resolutions to the following effect in accordance with the Corporations Act, the Listing Rules and all ASIC Regulatory Guides:

- (a) an ordinary resolution to approve the issue and allotment of the New Moby Shares and New Moby Options as the Scheme Consideration under the Schemes;
- (b) a special resolution to approve each of Mr G Menzies and each of Mr E G Albers and his Associates participating in the issue of New Moby Options which will comprise the Scheme Consideration under the Option Scheme on the terms of the Option Scheme.
- (c) A special resolution approving Moby entering into the Moby Farmin Agreement

3.6 Transaction Documents

The execution and delivery of the Transaction Documents and such documents not being terminated, rescinded, varied or waived in any manner other than with the written consent of the parties

4. SHARE SCHEME

Exoil agrees to propose a scheme of arrangement to its Members under which all of the Shares held by the Non-Associated Shareholders will be cancelled and that, subject to the provisions of clause 6 in relation to Foreign Shareholders, each of the Non-Associated Shareholders will be entitled to receive 1.35 New Moby Shares for every Share held by such Non-Associated Shareholder on the Record Date.

5. OPTION SCHEME

Exoil agrees to propose a scheme of arrangement to its Optionholders under which all of the Options held by the Optionholders will be cancelled and that, subject to the provisions of clause 6 in relation to Foreign Optionholders, each of the Optionholders will be entitled to receive 1.35 New Moby Options for every Option held by such Optionholder on the Record Date. On the basis that the terms and conditions attaching to the New Moby Options to be issued under the option Scheme will be as follows: namely that,

- (a) Optionholders be entitled to subscribe for and be allotted an ordinary share on the following terms:
- (b) The option shall expire at 5:00pm (AEST) on 30 June 2013 ("Expiry Date").
- (c) 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.
- (d) The option may be transferred at any time in accordance with the Act, the Security Clearing House Business Rules and the ASX Listing Rules.
- (e) The option shall be exercisable at \$0.12 (12 cents) ("Exercise Price").
- (f) 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.
- (g) 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.

- (h) The option shall not entitle the holder to participate in new issues of ordinary shares offered to Members during the currency of the option.
- (i) In the event of any reorganisation of the capital of the Company, the options shall be treated in the manner required by the ASX Listing Rules in force as at the date of any such reorganisation, and as appropriate to the type of reorganisation proposed.

6. SCHEME CONSIDERATION

Moby covenants in favour of Exoil (in its own right and separately as trustee for the Non-Associated Shareholders and the Optionholders) that:

- (a) in consideration for cancellation of the Shares held by each Non-Associated Shareholder under the terms of the Share Scheme Moby will, on the Implementation Date, provide each Non-Associated Shareholder the Scheme Consideration as referred to in clause 4;
- (b) in consideration for cancellation of the Options held by each Optionholder under the terms of the Option Scheme, Moby will on the Implementation Date provide each Optionholder the Scheme Consideration as referred to in clause 5;

with such Scheme Consideration to be provided on the bases that:

- (c) The obligation of Moby to issue the New Moby Shares (forming the Scheme Consideration under the Share Scheme) to Non-Associated Shareholders, other than Foreign Shareholders, will be satisfied by Moby:
 - (i) on the Implementation Date, entering the name of each Non-Associated Shareholder on the register of members of Moby in accordance with the Share Scheme; and
 - (ii) no later than five (5) Business Days after the Implementation Date, despatching or procuring the despatch to each Non-Associated Shareholder by pre-paid post to his or her address recorded in the Share Register at the Record Date, an uncertificated holding statement in the name of that Non-Associated Shareholder for the New Moby Shares issued to that Non-Associated Shareholder in accordance with the Share Scheme. In the case of joint holders of Shares, uncertificated holding statements for the New Moby Shares will be issued in the name of all such joint holders but shall be forwarded to, the holder whose name appears first in the Register on the Record Date.
- (d) The obligation of Moby to issue the New Moby Options (forming the Scheme Consideration under the Option Scheme) to Optionholders, other than Foreign Optionholders, will be satisfied by Moby:
 - (i) on the Implementation Date, entering the name of each Optionholder on the register of Optionholders of Moby in accordance with the Option Scheme; and
 - (ii) no later than five (5) Business Days after the Implementation Date, despatching or procuring the despatch to each Optionholder by pre-paid post to his or her address recorded in the Option Register at the Record Date, an uncertificated holding statement in the name of that Optionholder for the New Moby Options issued to that Optionholder in accordance with the Option Scheme. In the case of joint holders of Options, uncertificated holding statements for the New Moby Options will be issued in the name of all such joint holders but shall be forwarded to, the holder whose name appears first in the Register on the Record Date.
- (e) The obligation of Moby to issue the New Moby Shares (forming the Scheme Consideration under the Share Scheme) to Non-Associated Shareholders who are Foreign Shareholders, will be satisfied by Moby:

- (i) on the Implementation Date, entering the name of the Nominee on the register of members of Moby in accordance with the Share Scheme; and
 - (ii) no later than five (5) Business Days after the Implementation Date, despatching or procuring the despatch to the Nominee by pre-paid post to the Nominee's address recorded in the Share Register at the Record Date, an uncertificated holding statement in the name of the Nominee for the aggregate number of all of the New Moby Shares to be issued to all of the Foreign Shareholders under the Share Scheme together with a listing of the number of New Moby Shares issued in relation to each Foreign Shareholder.
- (f) Moby thereafter procuring the Nominee to sell the New Moby Shares issued to the Nominee as soon as reasonably practicable after the Implementation Date and shall account to each Foreign Shareholder for the net proceeds of sale of the New Moby Shares held by the Nominee on behalf of that Foreign Shareholder, after deduction of any applicable brokerage, and taxes and charges at that Foreign Shareholder's risk, in full satisfaction of that Foreign Shareholder's rights under this Implementation Agreement and the Share Scheme. The Nominee shall sell all New Moby Shares held by it on behalf of all Foreign Shareholders and shall allocate the net proceeds of sale thereof between each of the Foreign Shareholders according to their pro rata entitlement thereto based on their prior holdings of Shares.
- (g) The obligation of Moby to issue the New Moby Options (forming the Scheme Consideration under the Option Scheme) to Optionholders who are Foreign Optionholders, will be satisfied by Moby:
 - (i) on the Implementation Date, entering the name of the Nominee on the register of Optionholders of Moby in accordance with the Option Scheme; and
 - (ii) no later than five (5) Business Days after the Implementation Date, despatching or procuring the despatch to the Nominee by pre-paid post to the Nominee's address recorded in the Optionholders Register at the Record Date, an uncertificated holding statement in the name of the Nominee for the aggregate number of all of the New Moby Options to be issued to all of the Foreign Optionholders under the Option Scheme together with a listing of the number of New Moby Options issued in relation to each Foreign Optionholder.
- (h) Moby thereafter procuring the Nominee to sell the New Moby Options issued to the Nominee as soon as reasonably practicable after the Implementation Date and shall account to each Foreign Optionholder for the net proceeds of sale of the New Moby Options held by the Nominee on behalf of that Foreign Optionholder, after deduction of any applicable brokerage, and taxes and charges at that Foreign Optionholder's risk, in full satisfaction of that Foreign Shareholder's rights under this Implementation Agreement and the Share Scheme. The Nominee shall sell all New Moby Options held by it on behalf of all Foreign Optionholders and shall allocate the net proceeds of sale thereof between each of the Foreign Optionholders according to their pro rata entitlement thereto based on their prior holdings of Options.
- (i) The net proceeds of all sales of New Moby Shares and New Moby Options shall be credited to a bank account to be opened by the Nominee and when the Nominee accounts to any Foreign Shareholder or Foreign Optionholder for the proceeds of sale of New Moby Shares or New Moby Options in accordance with sub-clauses (e) and (f) above such accounting shall be made by the Nominee despatching cheques drawn on such account in Australian currency to each such person so entitled on the basis that all risk in relation thereto is to the account of the payee thereof.
- (j) If, at the expiration of 12 months from the date on which any such cheque referred to in sub-clause (g) above is drawn, such cheque has not been presented for payment, the Nominee shall cancel such cheque and pay the amount thereof to Moby for its own use absolutely on the basis that the Foreign Shareholder or Foreign Optionholder otherwise

entitled thereto shall be an unsecured creditor of Moby for the moneys represented by the unpresented cheque and on the basis that Moby shall remain liable to pay the Foreign Shareholder or Foreign Optionholder the amount thereof on satisfactory proof of the identity of such person and his entitlement to be paid. The subsequent presentation of the cancelled cheque to Moby shall be prima facie evidence of such entitlement and in the absence of any other matter, shall constitute such proof.

7. TERMINATION

Without prejudice to any other rights of termination under this Implementation Agreement, this Implementation Agreement may be terminated at any time prior to the Second Court Date.

7.1 Termination in case of action by Court or Government Agency

Either Moby or Exoil may terminate this Implementation Agreement by serving written notice of termination on the other of them if any Court or Government Agency has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, or has refused to do anything necessary to permit the Scheme, and such order, decree, ruling, other action or refusal shall have become final and non-appealable.

7.2 Termination in case of Material breach by Exoil

- (a) Moby may terminate this Implementation Agreement by serving written notice of termination on Exoil if Exoil is in material breach of any clause of this Implementation Agreement before the Second Court Date provided that it shall have given notice to Exoil setting out the relevant circumstances and stating an intention to terminate and:
 - (i) if such notice is given more than seven Business Days prior to the Second Court Date and the relevant circumstances continue to exist at 5:00pm on the day which is seven Business Days from the time such notice is given; or
 - (ii) if the notice is given less than seven Business Days prior to the Second Court Date and the relevant circumstances continue to exist at 5:00pm on the Business Day immediately preceding the Second Court Date,
- (b) In the event of termination of this Implementation Agreement by Moby this Implementation Agreement shall become void and have no further effect notwithstanding that such termination is a unilateral act on the part of Moby.

8. IMPLEMENTATION

8.1 Exoil's Obligations

Exoil must at Moby's cost execute all documents and do all acts and things necessary for the implementation and performance of the Scheme as expeditiously as practicable, including:

- (a) **(Scheme Booklet):** Prepare and despatch a Scheme Booklet containing the Explanatory Statement required by the Corporations Act in relation to each of the Share Scheme and the Option Scheme in a form approved by the Court and to despatch such Scheme Booklet to the Non-Associated Shareholders and to the Optionholders as required by Order of the Court.
- (b) **(Meeting of Exoil Directors):** As soon as practicable after preparation of the final form of the Scheme Booklet, convene a meeting of the Exoil Directors for the purpose of approving the Scheme Booklet.
- (c) **(Section 411(17)(b) statement):** Apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Schemes or either of them;
- (d) **(Scheme Meeting):** Apply to the Court for orders convening each of the Scheme Meetings;

- (e) **(Class Meeting and General Meeting):** Convene and hold the Class Meeting and the General Meeting in accordance with the provisions of the Corporations Act and a ll applicable ASIC Regulatory Guides to pass the Capital Reduction Resolutions in or to the effect of the resolution set out in clause 8.2 below;
- (f) **(Court approval):** Apply to the Court for orders approving each of the Scheme Meetings as soon as possible after the passing of the resolution submitted to each Scheme Meeting in relation to each Scheme by the requisite majorities and all other conditions are satisfied other than the obtaining of Court approval;
- (g) **(Lodge copy of Court orders):** Lodge with ASIC an office copy of the Court order approving each of the Schemes on approved of the Schemes by the Court;
- (h) **(Lodge Reduction of Capital Resolution):** Forthwith after the Capital Reduction Resolutions are passed at the General Meeting and the Class Meeting, lodge with ASIC all requisite forms to give effect to the Capital Reduction Resolutions so passed at such meetings;

8.2 Capital Reduction Resolutions

In addition to the obligations imposed under clause 8.1 above, Exoil shall use all reasonable endeavours to procure that each of the Class Meeting and the General Meeting passes a special resolution to reduce the capital of Exoil in, or to, the following effect:

""That, pursuant to sections 256B and 256C of the Corporations Act 2001 (Cwth) ("the Corporations Act") and the Company's constitution, the capital of the Company be reduced by cancelling all fully paid ordinary shares on issue held by those members of the Company who are the Non-Associated Shareholders, as herein defined, with such cancellation to be in exchange for the issue and allotment by Moby Oil & Gas Limited ("Moby") of one (1) ordinary fully paid share in the capital of Moby ("New Moby Shares") to each member of the Company for every fully paid ordinary share in the capital of the Company held by that member on the Record Date to determine entitlements to such New Moby Shares in accordance with a proposed Scheme of Arrangement ("the Scheme") to be entered into between the Company and its members the subject of Matter Number SCI 01006 of 2011 in the Supreme Court of Victoria ("the Application to the Court") on the following bases that:

- (a) *the reduction of capital shall be subject to the conditions precedent:*
 - (i) *that ASX shall grant approval for the listing of all of the New Moby Shares on the stock market conducted by ASX;*
 - (i) *that the Scheme shall have been approved by the members of the Company at a Scheme Meeting to be convened pursuant to an Order of the Court made in the Application to the Court and that the Scheme shall come into effect in accordance with the provisions of the Corporations Act;*
 - (ii) *the Company and Moby Oil & Gas Limited shall have entered into the Moby Farmin Agreement as described in the Scheme Booklet comprising the Explanatory Statement required to be registered in accordance with the requirements of section 411 of the Corporations Act 2001 ("the Act") in relation to Schemes of Arrangement proposed to be entered into pursuant to Orders of the supreme Court of Victoria in Matters SCI 01006 of 2011 and that Cue Exploration Pty Ltd (ACN 004 431 850) (being the joint holder of Petroleum Exploration Permit WA-359-P) and Apache Northwest Pty Ltd (ABN 58 009 140 854) (which is also farming into WA-359-P) shall have given all necessary consents thereto.*
- (b) *on the reduction of capital taking place:*
 - (i) *each member of the Company being a Non-Associated Shareholder (other than a "Foreign Shareholder" as defined in the Scheme) shall be entitled to receive the Scheme Consideration (as defined in the Scheme) being 1.35 New Moby Shares for every fully paid ordinary share in the capital of the Company held by that Non-*

Associated Shareholder on the Record Date to determine entitlements to such payment;

- (ii) *the entitlement of each Scheme Member, being a Foreign Shareholder as defined in the Scheme, to receive the Scheme Consideration shall be dealt with in accordance with the Scheme by the Scheme Consideration to which that Foreign Shareholder is entitled being issued and allotted to the Nominee as defined in the Scheme;*

and on the basis that Non-Associated Shareholders shall receive no other consideration under the Scheme or the reduction of capital the subject of this resolution other than the issue and allotment to them of the New Moby Shares.

For the purpose of this resolution the Non-Associated Shareholders are all of the Members of the Company other than the following Members, namely each of E G Albers, P J Albers, E G Albers & P J Albers, E G Albers & E M Larsson, Albers Custodian Company Pty Ltd ACN 005 473 316 <Albers Family Trust>, Auralandia NL ACN 004 913 884, Australis Finance Pty Ltd ACN 004 857 498, Bass Strait Group Pty Ltd ACN 005 512 434, Batavia Oil & Gas Pty Ltd ACN 084 043 907, Capricorn Mining Pty Ltd ACN 009 806 615, Gascorp Australia Pty Ltd ACN 102 547 884, Great Australia Corporation Pty Ltd ACN 004 333 288, Great Missenden Holdings Pty Ltd ACN 004 765 557, National Oil & Gas Pty Ltd ACN 009 240 420, Natural Resources Group Pty Ltd ACN 004 650 597, Ultragas Resources Pty Ltd ACN 136 941 832 and Wilstermere Corporation Pty Ltd ACN 004 745 135 who are collectively defined in the Scheme as "Mr Albers and his Associates."

8.3 Moby's Obligations

Moby must at its own cost execute all documents and do all acts and things necessary for the implementation and performance of the Scheme as expeditiously as practicable including:

- (a) **(Representation):** Undertaking in writing to the Court, as necessary, at the Court hearings convened for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act, to do all such things and take all such steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this Implementation Agreement and the Scheme;
- (b) **(Information):** Provide Exoil with all necessary information in relation to Moby to enable Exoil to prepare the Scheme Booklet in accordance with this Implementation Agreement.
- (c) **(Obtain all approvals for the Issue of Shares):** If required by ASX, convene a meeting of its Members for the purpose of approving the issue and allotment of the New Moby Shares to comprise the Scheme Consideration;
- (d) **(Issue of Shares):** Subject only to obtaining any requisite approvals, issue and allot the New Moby Shares to comprise the Scheme Consideration;
- (e) **(Listing of New Moby Shares)** make application to ASX for the New Moby Shares to be issued and allotted as Scheme Consideration to be granted quotation on the Official List of ASX.

8.4 Ranking

All New Moby Shares to be issued by Moby to Non-Associated Shareholders as Scheme Consideration pursuant to the Share Scheme will, as from the date of issue, rank equally with all other ordinary fully paid Moby Shares on issue as at the Implementation Date.

9. GENERAL

9.1 Further acts

Each party will promptly do and perform all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law or reasonably requested by any other party to give effect to this Implementation Agreement.

9.2 Notices

Any communication under or in connection with this Implementation Agreement:

- (a) must be in writing;
- (b) must be addressed as shown below:

EXOIL LIMITED
21st Floor,
500 Collins Street,
Melbourne, Victoria 3000

Telephone: +61 (03) 8610 4712
Facsimile: +61 (03) 8610 4799
For the attention of: Mr J M D Willis and Mr J G Tuohy

MOBY OIL & GAS LIMITED
21st Floor,
500 Collins Street,
Melbourne, Victoria 3000

Telephone: +61 (03) 8610 4702
Facsimile: +61 (03) 8610 4799
For the attention of: Mr G A Menzies and Mr J G Tuohy

(or as otherwise notified by that party to the other party from time to time);

- (c) must be signed by the party making the communication or (on its behalf) by the solicitor for, or by any attorney, director, secretary, or authorised agent of, that party;
- (d) must be delivered or posted by prepaid post to the address, or sent by fax to the number, of the addressee, in accordance with clause 8.2(b); and
- (e) will be deemed to be received by the addressee:
 - (i) (in the case of prepaid post) on the third business day after the date of posting;
 - (ii) (in the case of fax) at the local time (in the place of receipt of that fax) which then equates to the time at which that fax is sent as shown on the transmission report which is produced by the machine from which that fax is sent and which confirms transmission of that fax in its entirety, unless that local time is a non Business Day, or is after 5:00pm on a Business Day, when that communication will be deemed to be received at 8:00 am on the next Business Day; and
 - (iii) (in the case of delivery by hand) on delivery at the address of the addressee as provided in clause 8.2(b), unless that delivery is made on a non Business Day, or after 5:00pm on a Business Day, when that communication will be deemed to be received at 8:00am on the next Business Day.

9.3 Jurisdiction

Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Victoria, and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating in any way to this Implementation Agreement.

9.4 Amendments

This Implementation Agreement may only be varied by a document signed by or on behalf of each of the parties.

9.5 Assignment

A party cannot assign, novate or otherwise transfer any of its rights or obligations under this Implementation Agreement without the prior written consent of the other party.

9.6 Waiver

- (a) Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this Implementation Agreement by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this Implementation Agreement.
- (b) Any waiver or consent given by any party under this Implementation Agreement will only be effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this Implementation Agreement will operate as a waiver of another breach of that term or of a breach of any other term of this Implementation Agreement.

9.7 Consents

Any consent referred to in, or required under, this Implementation Agreement from any party may not be unreasonably withheld, unless this Implementation Agreement expressly provides for that consent to be given in that party's absolute discretion.

9.8 Counterparts

This Implementation Agreement may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes the Implementation Agreement of each party who has executed and delivered that counterpart.

9.9 Entire Implementation Agreement

To the extent permitted by law, in relation to the subject matter of this Implementation Agreement, this Implementation Agreement embodies the entire understanding of the parties and constitutes the entire terms agreed upon between the parties.

9.10 No representation or reliance

Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this Implementation Agreement. Each party acknowledges and confirms that it does not enter into this Implementation Agreement in reliance on any representation or other inducement by or on behalf of the other party.

9.11 No Scheme

The rights and obligations of the parties will not merge on completion of any transaction under this Implementation Agreement. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction.

9.12 GST

Any payment or other consideration referred to in any other provision of this Implementation Agreement for any supply that may be made under this Implementation Agreement ("Consideration") is set out or calculated to be exclusive of GST.

Where any amounts that may be payable under this Implementation Agreement are calculated by reference to a cost, expense or other amount paid or incurred by a party, the amount so payable shall be reduced by the amount of any input tax credits to which the party incurring such cost, expense or other amount is entitled in connection with any acquisition relating to such cost, expense or other amount.

If this Implementation Agreement states that any consideration is to be provided to a party for a taxable supply made under this Implementation Agreement, the party required to provide that consideration shall, in addition, pay to the party making the taxable supply an additional amount equal to the amount of that consideration multiplied by the applicable rate of GST.

Any such additional amount shall be provided at the same time as this Implementation Agreement requires the first part of the consideration for the taxable supply to be provided and the party making the taxable supply shall issue a tax invoice to the party providing the consideration for any such taxable supply at or before such time.

"GST", "supply", "tax invoice" and "Taxable supply", have the meanings given in the A New Tax System (Goods and Services Tax) 1999 as amended from time to time.

IN WITNESS whereof the parties hereto have hereunto executed these presents the day and year first hereinbefore written.

EXECUTED by EXOIL LIMITED. in)
accordance with the provisions of)
Section 127 of the Corporations Act)
2001 by:)

Signature of director

Signature of director/secretary

Name of director

Name of director/secretary

EXECUTED by MOBY OIL & GAS)
LIMITED in accordance with the)
provisions of Section 127 of the)
Corporations Act 2001 by:)

Signature of director

Signature of director/secretary

Name of director

Name of director/secretary

SECTION 11

DEED POLL

Deed Poll made at Melbourne on 25th^h day of March 2011

By **Moby Oil & Gas Limited ABN 17 106 653 794** Level 21, 500 Collins Street
Melbourne Vic 3000 Australia ("**Moby**")

In favour of **Each Holder of Shares in Exoil Limited ABN 005 572 798 ("Exoil") from time
to time other than the Mr Albers and his Associates**

And in favour of **Each Holder of Options to acquire ordinary shares in Exoil
("Optionholders")**

Recitals

- A. The directors of Exoil consider that it is in the interests of Exoil and of the Non-Associated Shareholders and the Optionholders that the Share Scheme and the Option Scheme (each as contained in the Explanatory Statement filed by Exoil with ASIC in Matter No SCI 01006 of 2011 as required by Section 412(1) of the Corporations Act 2001 ("Scheme Booklet");
- B. The directors of Exoil consider that it is in the interests of Exoil and of the Non-Associated Shareholders and the Optionholders that the Share Scheme and the Option Scheme (each as contained in the Explanatory Statement filed by Exoil with ASIC in Matter No SCI 01006 of 2011 as required by Section 412(1) of the Corporations Act 2001 ("Scheme Booklet").
- C. The coming into effect of the Schemes contained in the Scheme Booklet will enable:
 - (a) The Non-Associated Shareholders to be issued with New Moby Shares under the Share Scheme;
 - (b) The Optionholders to be issued with New Moby Options under the Option Scheme;
 - (c) Mr Albers and his Associates to continue to control Exoil and to enable Exoil to continue to carry on its business in its ordinary and accustomed manner of doing so.
- D. The effect of implementation of the Share Scheme will be that all Shares held by Non-Associated Shareholders as defined in the Share Scheme will be cancelled in consideration of the issue to the Non-Associated Shareholders of New Moby Shares as the Scheme Consideration on the basis of 1.35 New Moby Shares for every Share held on the Record Date to determine entitlements under the Share Scheme.
- E. The effect of implementation of the Option Scheme will be that all Options held by Optionholders as defined in the Option Scheme will be cancelled in exchange for the issue to Optionholders of New Moby Options as the Scheme Consideration on the basis of 1.35 New Moby Options for every Option held on the Record Date to determine entitlements under the Option Scheme.
- F. Exoil and Moby have entered into the Scheme Implementation Agreement (the "Scheme Implementation Agreement") in the form set out in the Scheme Booklet.
- G. In the Scheme Implementation Agreement, Moby agreed to do all things and execute all deeds, agreements and other documents which may be necessary or expedient on its part to implement the Schemes including, without limitation but subject to the satisfaction of certain conditions, providing the Scheme Consideration under each of the Schemes and certain other specific obligations.
- H. Moby is entering into this Deed Poll for the purpose of covenanting in favour of:
 - (a) the Members generally (including the Non-Associated Shareholders); and

- (b) the Optionholders;

to perform its obligations under the Scheme Implementation Agreement and under each of the Share Scheme and the Option Scheme.

THIS DEED PROVIDES

1. Definitions and interpretation

1.1 Definitions

In this Deed Poll, unless the context otherwise requires:

- (a) words and phrases have the same meaning (if any) given to such in Scheme Booklet;
- (b) the singular includes the plural and vice versa;
 - (i) each gender includes every other gender;
 - (ii) associations, bodies corporate and any government agency;
 - (iii) words and phrases not included in the Glossary of the Scheme Booklet of have the same meaning (if any) given to them in the Corporations Act;
 - (iv) references to any legislation or regulations include any statutory modification of or substitution for such legislation or regulations;
 - (v) references to agreements are to agreements as amended from time to time;
 - (vi) a reference to a clause, party, annexure, exhibit or schedule is a reference to a clause of, and a party, annexure, exhibit and schedule to, this Deed Poll and a reference to this Deed Poll includes any annexure, exhibit and schedule;
 - (vii) headings and sub-headings to this Deed Poll do not affect the interpretation of this Deed Poll; and
 - (viii) references to \$ are to Australian dollars.

1.2 Nature of Deed Poll

Moby acknowledges that this Deed Poll may be relied on and enforced by:

- (a) any Member;
- (b) any Optionholder;

in accordance with its terms even though no Members or Optionholders are party to it.

2. Conditions precedent

2.1 Conditions precedent

Moby's obligations under clause 3 are subject to each of the Schemes coming into effect in accordance with section 411(4) of the Corporations Act.

2.2 Termination

If any Scheme does not become binding on the applicable Scheme Members in accordance with section 411(4) of the Corporations Act on or before 31 December 2011, or such later date as

advised by Exoil to Moby in writing, the obligations of Moby under this Deed Poll will automatically terminate unless Moby and Exoil otherwise agree in accordance with the Scheme Implementation Agreement.

2.3 Consequences of termination

If this Deed Poll is terminated under this clause 2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Moby is released from its obligations to further perform this Deed Poll except those obligations contained in clause 9 and any other obligations which by their nature survive termination; and
- (b) All Members (including all Non-Associated Shareholders) and Optionholders retain the rights they have against Moby in respect of any breach which occurred before this Deed Poll is terminated.

3. Scheme Obligations

- (a) Moby will comply with its obligations under the Scheme Implementation Agreement and do all things necessary or expedient on its part to implement each of the Schemes.
- (b) In consideration of:
 - (i) the transfer of all of the shares in Brigadier Petroleum Pty Ltd to Moby in accordance with the provisions of the Implementation Agreement and in further consideration of the cancellation of all of the Shares held by the Non-Associated Shareholders as at the Record Date, Moby will provide the Scheme Consideration to the Non-Associated Shareholders in accordance with clause 4 of the Scheme Implementation Agreement; and
 - (ii) the cancellation of all of the Options held by the Optionholders as at the Record Date, Moby will provide the Scheme Consideration to the Optionholders in accordance with clause 4 of the Scheme Implementation Agreement.

4. Listing of New Moby Shares and New Moby Options

As soon as practicable following the execution of this Deed Poll, Moby will seek confirmation from ASX that, as from the Business Day following the Effective Date, the New Moby Shares comprising the Scheme Consideration under the Share Scheme and the New Moby Options comprising the Scheme Consideration under the Option Scheme will all be listed for quotation on the official list of ASX, initially on a deferred settlement basis and thereafter on an ordinary settlement basis.

5. Warranties

Moby represents and warrants that:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll; and

(d) this Deed Poll is valid and binding upon it.

6. Continuing obligations

This Deed Poll is irrevocable and, subject to clause 2, remains in full force and effect until Moby has completely performed its obligations under this Deed Poll or until the earlier termination of this Deed Poll under clause 2.

7. Stamp duty

Except as otherwise provided in the Scheme Moby must pay all stamp duty imposed on this Deed Poll and on any instrument or other document executed to give effect to this Deed Poll.

8. Notices

8.1 Notice Details

A notice, consent, request or any other communication to Moby under this Deed Poll must be in writing and must be left at the address of Moby, or sent by prepaid post (airmail if posted to or from a place outside Australia) to the address of Moby or sent by facsimile to the facsimile number of Moby specified below or any other address or facsimile number the addressee requests in writing.

Moby Oil & Gas Limited
Level 21
500 Collins Street
Melbourne Victoria 3000 Australia
Fax: (+61 3) 8610 4799

For the attention of: Mr G A Menzies
and Mr J. G Tuohy (Company Secretary)

8.2 Delivery

A notice, consent, request or any other communication is taken to be received:

- (a) if by delivery, when it is delivered unless it is delivered on a day other than a Business Day in which case it is taken to be received by 9:00am on the next Business Day;
 - (b) if a letter, three days after posting (seven, if posted to or from a place outside Australia); and
 - (c) if a facsimile, at the time of despatch if the sender receives a transmission report which confirms that the facsimile was sent in its entirety to the facsimile number of the recipient.
-

9. General

9.1 Cumulative rights

The rights, powers and remedies of Moby and each of the Members and Optionholders under this Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Deed Poll.

9.2 Waiver and variation

- (a) A provision or a right under this Deed Poll may not be waived except in writing signed by the person granting the waiver.

- (b) A provision of this Deed Poll may not be varied unless the variation is agreed to by Exoil in which event Moby will enter into a further Deed Poll in favour of the Members and Optionholders giving effect to such amendment.

10. Governing law and jurisdiction

- (a) This Deed Poll is governed by the laws of Victoria.
- (b) Moby irrevocably submits to the non-exclusive jurisdiction of the Courts of Victoria.

11. Assignment

The rights and obligations of a person under this Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with, and no person shall attempt or purport to do so.

Executed as a deed.

EXECUTED by MOBY OIL & GAS)
LIMITED in accordance with the)
provisions of Section 127 of the)
Corporations Act 2001 by:)

Signature of director

Signature of director/secretary

Name of director

Name of director/secretary

SECTION 12

INTERPRETATION

Definitions

In this Scheme Booklet, unless the context otherwise requires:

"ASIC" or **"Commission"** means the Australian Securities and Investments Commission or, in respect of any particular function or power given to the Commission under the Corporations Act, any person to whom the Commission has delegated that function or power;

"AASB" means the Australian Accounting Standards Board.

"AIFRS" means the Australian equivalents to International Financial Reporting Standards.

"Apache" means Apache Northwest Pty Ltd (ABN 58 009 140 854).

"Apache Agreements" means the Apache Farmin and WA-409-P Apache Farmin .

"Apache Farmin" means farmin agreement entered into in relation to WA-359-P between the Company, Cue Energy Resources Limited (ABN 45 066 383 971), Cue Petroleum Pty Ltd (ACN 004 431 850), Rankin Trend Pty Ltd (ABN 73 135 761 321) and Apache Northwest Pty Ltd (ABN 58 009 140 854) together with the relevant deed of assumption and transfer executed, or to be executed by the holders of WA-359-P and Apache in accordance with the Petroleum Act and the regulations made thereunder.

"WA-409-P Apache Farmin " means farmin agreement entered into in relation to WA-409-P between the Company, Cue Energy Resources Limited (ABN 45 066 383 971), Cue Petroleum Pty Ltd (ACN 004 431 850), Rankin Trend Pty Ltd (ABN 73 135 761 321) and Apache Northwest Pty Ltd (ABN 58 009 140 854) together with the relevant deed of assumption and transfer executed, or to be executed by the holders of WA-409-P and Apache in accordance with the Petroleum Act and the regulations made thereunder which is on identical terms to the Apache Farmin.

"ASX" means ASX Limited (ABN 98 008 624 691).

"Associate" has the meaning given in the Corporations Act and a reference to an Associate of any person means a reference to the associates of that person within the meaning of the Act.

"ASTC" means ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532, the body which administers the CHESS system in Australia.

"ASTC Settlement Rules" means the settlement rules of ASTC.

"ASX" means ASX Limited ABN 98 008 624 691 or the securities exchange operated by it, as appropriate.

"ASX Market Rules" means the ASX Market Rules binding on Market Participants as defined therein in accordance with the provisions of the Corporations Act as in force from time to time and a reference to ASX Market Rules includes a reference to any rules issued by ASX in substitution or replacement thereof from time to time howsoever styled. Where a company is listed on any Stock Exchange other than ASX a reference herein to ASX Market Rules shall mean a reference to the rules of such Stock Exchange which regulate trading in the securities of that company on that Stock Exchange.

"Australian Accounting Standards" means the Australian Accounting Standards as issued by the Australian Accounting Standards Board.

"Australian Auditing Standards" means the Australian Auditing Standards as issued by the Auditing and Assurance Standards Board.

“Australian Standards on Review Engagement” means Australian Standards on Review Engagement as issued by the Auditing and Assurance Standards Board.

“Blaze Acumen” means Blaze Acumen (ABN 17 958 549 733), Chartered Accountants.

“Blaze Acumen Report” means the report by Blaze Acumen as to the tax consequences to the shareholders of Exoil contained in Section 8 of this Scheme Booklet.

“Board” in relation to any of Exoil or Moby means the board of directors of that party. A reference to the **“Exoil Board”** means a reference to the board of directors of Exoil acting in that capacity and a reference to the **“Moby Board”** means a reference to the board of directors of Moby acting in that capacity.

“Business Day” means a Business Day as defined in the Listing Rules of ASX.

“Business Rules” means, in the case of ASX those rules promulgated as the Business Rules of ASX and, in relation to any other Stock Exchange means those rules pursuant to which trading in securities on or through the facilities of the Stock Market conducted by it is regulated by that Stock Exchange.

“Capital Reduction” means the reduction of the capital of Exoil on the basis that the Shares held by Non-Associated Shareholders shall be cancelled in accordance with the provisions of section 256C(2) of the Corporations Act in consideration of the payment to them of the Scheme Consideration in accordance with this Scheme and the Implementation Agreement.

“Capital Reduction Resolutions” means the following resolutions to be passed at the Class Meeting and the General Meeting; namely,

- (a) a special resolution of the Members at the General Meeting approving the Capital Reduction in respect of which no votes are cast in relation to the resolution by any person who is to receive the Scheme Consideration as provided under the Scheme. In practice the only Member who is eligible to vote in relation to this resolution will be Moby whose Shares are not being cancelled and which is not a Scheme Member. Moby intends to vote in favour of this resolution;
- (b) a special resolution passed at the Class Meeting being a meeting of the Members whose Shares are to be cancelled in exchange for the payment to them of the Scheme Consideration and for no other consideration and without any distribution of assets of Exoil to such Members;

and on the basis that the text of the Capital Reduction Resolutions shall be in the form of or to the effect of the proposed resolutions set out in clause 8.2 of the Implementation Agreement.

“CGT” means capital gains tax.

“CHESS” means the Clearing House Electronic Subregister System operated by ASTC, which provides for electronic share transfer in Australia.

“Class Meeting” means the class meeting of the Members who are Non-Associated Shareholders whose Shares are to be cancelled in exchange for the payment to them by Moby of the Scheme Consideration (and without any distribution of any assets of Exoil to such Members) which meeting is convened in accordance with section 256C(2) of the Corporations Act to be held at 11.00 am or so soon thereafter as the General Meeting shall have concluded.

“Commonwealth” means the Commonwealth of Australia and its external territories.

“Company” or **“Exoil”** each mean Exoil Limited (ABN 29 005 433 796).

“Corporations Act” means the Corporations Act 2001 as it applies in Victoria.

“Court” means the Supreme Court of Victoria in relation to matters associated with the Scheme and otherwise means a court of competent jurisdiction under the Corporations Act.

“Court Order Time” means, in relation to each Scheme, the time at which the Court makes Orders approving the Scheme.

“Designated Authority” means the Designated Authority under the Petroleum Act.

"directors" means a reference to the directors of Exoil acting as a board of directors or otherwise acting in their role or capacity as a director of Exoil and, unless otherwise indicated, a reference to a **"director"** means a reference to a director of Exoil acting in his capacity as a director of Exoil.

"DMR Corporate" or **"Independent Expert"** each means DMR Corporate Pty Ltd.

"DMR Corporate Report" means the independent experts report prepared by DMR for the purposes of complying with Regulation 8303 made under the Corporations Act and which is included in this Scheme Booklet.

"Effective" when used in relation to each Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the Order of the Court made under section 411(4) (b) in relation to the Scheme.

"Effective Date" means the date on which an office copy of an Order of the Court in relation to the Scheme made under section 411(6) of the Corporations Act is lodged with the Commission.

"Encumbrance" means any mortgage, charge (whether fixed or floating), pledge, lien, option, restriction as to transfer or any other encumbrance or security or adverse interest whatsoever.

"End Date" means the date specified in, or determined pursuant to, clause 4.4 of the Scheme.

"Explanatory Statement" means the draft Explanatory Statement ordered by the Court as the Explanatory Statement to accompany the Scheme pursuant to the provisions of section 412 of the Corporations Act.

"Foreign Optionholder" means an Optionholder with a Registered Address outside of Australia and its external territories and New Zealand.

"Foreign Securityholders" means the Foreign Shareholders and the Foreign Optionholders.

"Foreign Shareholder" means a Member with a Registered Address outside of Australia and its external territories and New Zealand.

"General Meeting" means the general meeting of all Members convened in accordance with section 256C(2)(a) of the Corporations Act to be held at 10.45 am on the date of the Scheme Meeting, or so soon thereafter as the Scheme Meeting shall have concluded, for the purpose of passing the Capital Reduction Resolution as a special resolution of the Members at which meeting no votes are cast in relation to the resolution by any person who is to receive the Scheme Consideration as provided under the Scheme.

"Exoil" or the **"Company"** each means Exoil Limited (ABN 29 005 433 796).

"Exoil Group" means Exoil and its controlled entities within the meaning of the Corporations Act.

"Government Agency" means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in the right of the Commonwealth of Australia or of any State, including the Australian Consumer & Competition Commission, the Takeovers Panel and ASX.

"Group" when used in relation to a company, means that company and each company that is a related body corporate of that company or which is a related body of any related body corporate of that company. Thus a reference to the **"Moby Group"** means a reference to Moby and all of its related bodies corporate and a reference to the **"Exoil Group"** means a reference to Exoil and all of its related bodies corporate.

"GST" has the meaning given to that term in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

"Implementation Agreement" means the Implementation Agreement to be tabled at the Scheme Meeting and a copy of which is set out in Section 10 and which has been entered into between the Exoil and Moby conditionally upon the Scheme coming into effect.

"Implementation Date" means the date on which the Scheme shall be implemented being 5.00 pm on that date which is five (5) Business Days after the Record Date.

"Independent Expert" or **"DMR"** each means DMR Corporate Pty Ltd.

"Independent Expert's Report" means the report prepared by the Independent Expert contained in Section 8 hereof.

"issue" means, in relation to a share, the issue and allotment thereof, and, in relation to an option to acquire an ordinary share, means the grant of such option.

"Joint Venture" or **"Joint Venturers"** each means the joint owners of a Permit who carry out the exploration activity in that Permit.

"Joint Operating Agreement" or **"JOA"** each means a formal agreement which governs the activities of a Joint Venture.

"Listed Options" means the 24,620,208 options to acquire ordinary shares in the capital of Exoil which are listed for quotation on the stock market conducted by NSX and which remain extant as at the Record Date.

"Listing Rules" means, in relation to any Stock Exchange, the rules of that Stock Exchange governing trading in securities quoted on that Stock Exchange as in force from time to time and, in relation to ASX, mean the Listing Rules of ASX as in force from time to time.

"Market Participant" means a Market Participant as defined in Section 3 of the ASX Market Rules including any person taken to be approved by ASX as a Market Participant under Rule 29.3 of the ASX Market Rules and where a company is admitted to the official list of an overseas Stock Exchange then any Stockbrokers or Sharebroker or other such person as authorised to deal in securities of that company pursuant to the rules of that Stock Exchange governing trading in or through the facilities of that market.

"Members" means those persons registered as the holders of the shares in the capital of Exoil on the Share Register as at the date and time of the Share Scheme Meeting Provided That if a Member shall after that date and time cease to be registered as the holder of any shares in the capital of Exoil on the Share Register such person shall cease to be a Member for the purposes of the Scheme Provided further that where a person shall after that date and time become registered as the holder of any shares in the capital of Exoil on the Share Register in respect of any share in the capital of Exoil such person shall, from the time his name is entered on the Share Register, be deemed to be a Member for the purposes of the Scheme.

"Moby" means Moby Oil & Gas Limited (ABN 17 106 653 794).

"Moby Directors" means a reference to the directors of Moby acting as a board of directors or otherwise acting in their role or capacity as a director of Moby and a reference to an **"Moby Director"** means a reference to a director of Moby acting in his capacity as a director of Moby.

"Moby Group" means Moby and its controlled entities within the meaning of the Corporations Act.

"Moby Information" means the information in relation to Moby set out herein.

"Moby Shares" means ordinary fully paid shares in the capital of Moby.

"Mr Albers and his Associates" means each of E G Albers, P J Albers, E G Albers & P J Albers, E G Albers & E M Larsson, Albers Custodian Company Pty Ltd ACN 005 473 316 <Albers Family Trust>, Auralandia NL ACN 004 913 884, Australis Finance Pty Ltd ACN 004 857 498, Bass Strait Group Pty Ltd ACN 005 512 434, Batavia Oil & Gas Pty Ltd ACN 084 043 907, Capricorn Mining Pty Ltd ACN 009 806 615, Gascorp Australia Pty Ltd ACN 102 547 884, Great Australia Corporation Pty Ltd ACN 004 333 288, Great Missenden Holdings Pty Ltd ACN 004 765 557, National Oil & Gas Pty Ltd ACN 009 240 420, Natural Resources Group Pty Ltd ACN 004 650 597, Ultragas Resources Pty Ltd ACN 136 941 832 and Wilstermere Corporation Pty Ltd ACN 004 745 135..

"New Moby Options" means options to acquire new ordinary shares in the capital of Moby to be issued on the Implementation Date to Optionholders in consideration of the cancellation of their Options pursuant to the Option Scheme.

"New Moby Shares" means new ordinary shares in the capital of Moby to be issued on the Implementation Date to Non-Associated Shareholders in consideration of, inter alia, the cancellation of their Shares pursuant to the Share Scheme in accordance with the Capital Reduction Resolutions.

"Non-Associated Securityholders" means the Non-Associated Shareholders and the Optionholders.

"Non-Associated Shareholders" means all of the Members on the Record Date other than Mr Albers and his Associates.

"NSX" means National Stock Exchange of Australia Limited ACN 000 902 063.

"Officers" means, in relation to a company, its directors, company secretaries and other persons designated as officers under the Corporations Act.

"OIS" means, in relation to Exoil, the Offer Information Statement lodged by Exoil with ASIC dated 9 November 2009.

"OIS Issue" means the issue and allotment of 50,775,263 Shares and 40,620,219 options exercisable at 12 cents exercisable up to 30 June 2012 pursuant to the OIS.

"Optionholders" means each person holding Options as at the Record Date;

"Options" means the Listed Options and the Unlisted Options.

"Option Scheme" means the proposed scheme of arrangement contained in this Scheme Booklet and proposed to be entered into between Exoil and its Optionholders pursuant to which the Options held by the Optionholders will be cancelled in consideration of the Optionholders being issued 1.35 New Moby Option for every Option held on the Record Date being the Scheme Consideration as provided therein on the basis that the Option Scheme comes into effect before the End Date as specified in, or determined under, Clause 4.4 of the Option Scheme. A reference to the Option Scheme shall include any alterations or conditions imposed in relation thereto pursuant to Section 411(6) of the Corporations Act.

"Option Scheme Meeting" means the meeting ordered to be convened pursuant to the Order of the Court for the purpose of considering and, if though fit, approving the entering into of the Option Scheme.

"Participating Interest" means, in relation to each Permit and each Permit Holder, the Participating Interest of the Permit Holder in that Permit under the JOA entered into in respect of that Permit.

"Permit" means an Exploration Permit issued by the Designated Authority within which the relevant Permit Holders or Joint Venture carries out exploration activity.

"Permit Holders" means those persons registered under the Petroleum Act.

"person" includes the Crown, and all bodies or persons corporate or unincorporate.

"Petroleum Act" means the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cwth) (formerly the Petroleum (Submerged Lands) Act 1967 (Cwth)) and all subordinate legislation made thereunder.

"Petroleum Legislation" means the Petroleum Act and, when the context permits or otherwise requires, includes (but is not limited to) the following Commonwealth Acts: Offshore Petroleum and Greenhouse Gas Storage (Registration Fees) Act 2006 (Cwth), Offshore Petroleum and Greenhouse Gas Storage (Annual Fees) Act 2006 (Cwth), Offshore Petroleum (Repeals and Consequential Amendments) Act 2006 (Cwth), Offshore Petroleum (Royalty) Act 2006 (Cwth), Petroleum Resource Rent Tax Assessment Act 1987 (Cwth) all as amended from time to time together with any legislation passed in replacement or substitution therefore, whether in whole or in part.

"Record Date" means that date and time being 5.00 pm (AEST) on the Effective Date.

"Registered Address" means in relation to a Scheme Member, that member's address shown in the Share Register.

"Regulations" means the Corporations Regulations in force under the Corporations Act from time to time.

"Regulatory Approval" means:

- (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with a Public Authority; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Public Authority intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

"Related Body Corporate" has the meaning given to that term in the Corporations Act.

"Related Party" has the meaning given to that term in the Corporations Act.

"Relevant Interest" has the meaning given to that term in the Corporations Act.

"Share Scheme" means the proposed scheme of arrangement contained in this Scheme Booklet and proposed to be entered into between Exoil and its Members pursuant to which the Shares held by the Non-Associated Shareholders will be cancelled in consideration of, inter alia, the Non-Associated Shareholders being issued 1.35 New Moby Shares for every Share held on the Record Date being the Scheme Consideration as provided therein on the basis that the Share Scheme comes into effect before the End Date as specified in, or determined under, Clause 4.4 of the Scheme. A reference to the Share Scheme shall include any alterations or conditions imposed in relation thereto pursuant to Section 411(6) of the Corporations Act.

"Scheme" means a reference to either the Share Scheme or the Option Scheme depending on the context in which the term is used and a reference to the "Schemes" means a reference to each of the Share Scheme and the option Scheme.

"Scheme Consideration" means:

- (a) in relation to the Share Scheme, the New Moby Shares which are to be issued and allotted to the Non-Associated Shareholders in accordance with the provisions of the Share Scheme and the Implementation Agreement on the basis that, for every one (1) Share held by any Non-Associated Shareholder, Moby will issue and allot 1.35 New Moby Shares and on the basis that the Scheme Consideration to be provided to Foreign Shareholders shall be issued and allotted to a nominee and dealt with in accordance with the Scheme and the Implementation Agreement.
- (b) in relation to the Option Scheme, the New Moby Options which are to be issued and allotted to the Optionholders in accordance with the provisions of the Option Scheme and the Implementation Agreement on the basis that, for every Option held by any Optionholder, Moby will issue and allot 1.35 New Moby Options and on the basis that the Scheme Consideration to be provided to Foreign Optionholders shall be issued and allotted to a nominee and dealt with in accordance with the Scheme and the Implementation Agreement.

"Share Scheme Meeting" means the meeting ordered to be convened pursuant to the Order of the Court for the purpose of considering and, if though fit, approving the entering into of the Share Scheme.

"Second Court Date" means, in relation to each Scheme, the date on which application is first made to the Court for approval of the Scheme.

"Share Register" means the register of members of Exoil kept in accordance with the Corporations Act.

"Share Registry" means Link Market Service Limited or other person from time to time maintaining the Share Register.

"Shares" means the ordinary shares in the capital of Exoil that will be cancelled under the Capital Reduction Resolutions in exchange for New Moby Shares being those shares in the capital of Exoil held by the Non-Associated Shareholders on the Record Date.

"Shareholding" means the holding of Shares of any Member.

"SRK" means SRK Consulting (Australasia) Pty Ltd (ABN 56 074 271 720).

"SRK Report" means the specialist report by SRK forming part of the DMR Corporate Report.

"Stockbroker" and **"Sharebroker"** each mean a person qualified and authorised to act as such under the rules of any Stock Exchange governing trading by members of any such Stock Exchange in any securities of any company or entity the securities of which are listed on such Stock Exchange.

"Stock Exchange" means any stock exchange on which Moby securities are listed from time to time (including, but not limited to, ASX).

"Stock Market" means a stock market conducted by any Stock Exchange.

"Tax" means any tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding, which is assessed, levied, imposed or collected by any Government Agency and includes, but is not limited to any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of, any of the above.

"Tax Act" or **"ITAA 1997"** each means the Income Tax Assessment Act 1997 as amended from time to time.

"Transaction Documents" means the Implementation Agreement and any other agreement entered into between Exoil and Moby for the purpose of giving effect to or implementing the Scheme.

"Unlisted Options" means the 5,500,000 options to acquire ordinary shares in the capital of Exoil which are not listed on NSX and which remain extant as at the Record Date.

"Upstream" means Upstream Consulting Pty Ltd, a company associated with Mr J M D Willis, a Director of Moby.

"VWAP" means the volume weighted average price.

WA-409-P Apache Farmin " means farmin agreement entered into in relation to WA-409-P between the Company, Cue Energy Resources Limited (ABN 45 066 383 971), Cue Petroleum Pty Ltd (ACN 004 431 850), Rankin Trend Pty Ltd (ABN 73 135 761 321) and Apache Northwest Pty Ltd (ABN 58 009 140 854) together with the relevant deed of assumption and transfer executed, or to be executed by the holders of WA-409-P and Apache in accordance with the Petroleum Act and the regulations made thereunder which is on identical terms to the Apache Farmin.

"you" is a reference to a Member in that capacity and **"your"** bears a derivative or corresponding meaning.

Interpretation

In this Scheme Booklet, unless the context requires otherwise:

- (a) headings are for convenience only and do not affect interpretation and unless the context indicates a contrary intention:
- (b) a reference to any document (including this Scheme Booklet) is to that document as varied, novated, ratified or replaced from time to time;
- (c) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;

- (d) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (e) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a derivative or corresponding meaning;
- (f) the word "includes" in any form is not a word of limitation;
- (g) any reference to time is, unless the context otherwise requires, a reference to local time in Melbourne Australia on the relevant date;
- (h) a reference to "\$" or "dollar" is to Australian currency; and
- (i) a reference to:
 - a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
 - a person includes the legal personal representatives, successors and assigns of that person;
 - a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
 - a right includes a benefit, remedy, direction or power;
 - a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
 - time is to Melbourne time;
 - "\$A", "\$" or "AUD" is a reference to the lawful currency of Australia;
 - "US\$", "USD" is a reference to the lawful currency of the United States of America;
 - a clause, subclause, section, subsection, paragraph, subparagraph or annexure is to a clause, subclause, section, subsection, paragraph, subparagraph or annexure of this Scheme Booklet.

Glossary of technical and industry terms

In this Scheme Booklet, unless the context requires otherwise.

"2D seismic" means seismic data collected on a two-dimensional basis.

"3D seismic" means seismic data collected on a three-dimensional basis.

"accumulation" means, in relation to any prospective resource or other hydrocarbon resource, "An individual body of moveable petroleum".

"anticlinal trap" means a geological structure in which sealing stratum are formed by the upward bowing of that strata into a dome or arch.

"anticline/anticlinal structure" means a geological structure in which strata are folded so as to form an arch or dome.

"appraisal well" means a well drilled to determine the extent of hydrocarbons discovered in a previous well on the same structure.

"B" means billion (10^9).

“barrel” or **“bbl”** means the unit of volume measurement used for petroleum and its products. 1 barrel = 42 U.S. Gallons = 35 Imperial Gallons (approx.) or 159 litres (approx).

“basin” means a depression of large size in which sediments have accumulated.

“BCF”, **“Bcf”** or **“Bscf”** each means billion cubic feet of gas = 28.317 million cubic metres.

“bopd” means barrels of oil per day.

“Bpd” means barrels per day.

“calcareous” means containing calcium carbonate.

“carbonates” means sedimentary rocks composed of calcium and/or magnesium carbonate e.g. limestone.

“carboniferous” means a time interval of the Paleozoic Era, extending from 360 to 290 million years ago.

“closure” means the volume above the lowest closing contour of a structure. Also, a closed structure and four means way dip closure.

“CO²” means carbon dioxide.

“compressional anticline” means an anticline formed usually as a result of crustal shortening.

“compressive” means movements resulting in a shortening of the earth’s surface, a squeeze.

“Condensate” means hydrocarbons (predominantly pentane and heavier compounds) which spontaneously separate out from natural gas at the wellhead and condense to a liquid.

“Contingent Resources” means those quantities of Petroleum which are estimated, on a given date, to be potentially recoverable from Known Accumulations but which are not currently considered to be commercially recoverable.

“Cornea” means the Cornea oil and gas accumulation within WA-342-P.

“Cornea-3 Well” means the exploration well drilled within WA-342-P in December 2009.

“Cretaceous” means a geological time period approximately 141 to 65 million years ago.

“CSG” means Coal Seam Gas.

“deltaic” means normally related to a delta plain or alluvial deposit at the mouth of a river caused by deposition of material.

“development well” means a well drilled with the purpose of being completed for hydrocarbon production.

“dip” means the angle of the plane of a bed relative to the horizontal.

“down-dip” means downwards in-depth along strata.

“dry hole” means a well drilled without finding gas or oil in commercial quantities.

“DST” or **“drill stem test”** each means drill stem test, a method of testing the productive capacity of a well when still full of drilling mud. The testing tool is lowered into the hole attached to the drill pipe and placed opposite the formation to be tested. Packers are set to shut off the weight of the mud and the tool is opened to permit the flow of any formation fluid into the pipe, where it can be measured.

“exploration well” means a well drilled to determine whether hydrocarbons are present in a particular structure.

“fan” means fan of sediment that has moved down a slope predominantly by the action of gravity assisted by running water that is not concentrated into channels forming a fan-like shape.

“fault” means a fracture in the Earth’s crust along which the rocks on one side are displaced relative to those on the other.

“fault-dependent closure” means closure which is dependent upon the bounding fault plane providing an impervious seal to vertical and lateral migration.

“fault trap” means a hydrocarbon trap which relies on the termination of a reservoir against a seal brought about by fault displacement.

“FEED” means front end engineering design.

“field” means a geographical area under which an oil or gas reservoir lies.

“fluorescence” means glowing, usually under ultraviolet light, usually indicative of oil shows.

“fluvio” means derived from river action.

“Fm” means formation.

“fold/folding” means a bend in strata, commonly a product of deformation.

“formation” means a unit in stratigraphy defining a succession of rocks of the same gross lithology.

“four-way dip” means a structural feature seen on orthogonal seismic lines to dip away in all four possible directions.

“fracture” means a breaking or splitting of rock, usually increasing permeability.

“gas column” means the occurrence of gas in pore space within rock that is in a continuous phase.

“geology” means the occurrence of gas in pore space within rock that is in a continuous phase.

“geophysics” means the physics of the Earth; a hybrid discipline involving a combination of physical and geological principles.

“GIIP” means gas initially in place.

“glaucconitic” means sediments rich in Glauconite an Iron Silicate which is diagnostic of continental shelf marine depositional environments with slow rates of accumulation.

“graticular block” means a graticular block as defined in the Petroleum Act.

“gravity surveys” means surveys carried out using gravity instrumentation to detect differences in the gravity force at two or more points: used as a geophysical tool to detect possible mineral or hydrocarbon accumulations.

“GWC” means gas water contact.

“Horst” means a portion of the earth’s crust, bounded on at least two sides by faults, that has risen in relation to adjacent portions.

“hydrocarbons” means naturally occurring organic compounds containing only the elements hydrogen and carbon existing as solids, liquids or gases.

“interest” means, when describing an interest in a petroleum exploration Permit, an undivided Participating Interest in the Permit in accordance with, and subject to the relevant joint venture agreement which regulates the relationship of all persons having undivided interests in that Permit.

“Jurassic” means a geological time period approximately 205 to 141 million years ago.

“**km**” means kilometre(s).

“**kms²**” or “**sq km**” each means square kilometre.

“**Known Accumulation**” means a known individual body of moveable Petroleum. The key requirement to consider an accumulation as known, and hence contain Reserves or Contingent Resources, is that each accumulation/reservoir must have been penetrated by a well. In general, the well must have clearly demonstrated the existence of moveable petroleum in that reservoir by flow to surface or at least some recovery of a sample of petroleum from the well. However, where log and/or core data exist, this may suffice, provided there is a good analogy to a nearby and geologically comparable known accumulation.

“**lead**” means inferred geologic feature or structural pattern requiring further investigation.

“**LNG**” means liquefied natural gas.

“**log interpretation**” means technical analysis of the results of well logging leading to quantitative estimates of various rock properties including contained liquids and gasses.

“**Lowstand**” means a time of lowered sea level, related to a transgression.

“**m**” means metre(s) in the relevant context.

“**M**” or “**m**” means thousand in the relevant context.

“**Magnetic Resonance tool**” means a tool used to analyse hydrocarbons in glauconitic and argillaceous reservoirs.

“**MDRT**” means measured depth below rotary table.

“**MDT tool**” means a modular formation pressure tester tool.

“migration” means the movement of hydrocarbons from regions of higher to lower pressure.

“**mKB**” means metres below the Kelly bush or Kelly joint from which the depth of a well is determined. The Kelly bush or Kelly joint is the point on a drilling rig passing through the rotary table which transmits the rotary motion to the drill pipe.

“**MM**” or “**mm**” means million.

“**MMbbl**” means a million standard barrels of oil (or condensate).

“**MMCFD**” means million of cubic feet per day = 28,317 cubic metres per day.

“**mRT**” means metres below rotary table.

“**net pay**” means the subsurface geological layer where a deposit of oil or gas is found in potentially commercial quantities.

“**oil column**” means the occurrence of oil in pore space within rock that is in continuous phase.

“**oil field**” means a geographical area in which an oil reservoir lies.

“**Oil in Place**” or “**OIP**” each means an estimated measure of the total amount of oil contained in a reservoir and, as such, a higher figure than recoverable oil.

“**OOIP**” means original oil in place.

“**Operator**” means the party in the Joint Venture or the sole interest holder in the Permit charged with carrying out the exploration activities within that Permit.

“**Palaeocene**” means the oldest period of geological time in the Tertiary period.

“Palaeozoic” means the geological time period approximately 600 to 230 million years ago.

“permeability” means a measure of the capacity of rock or stratum to allow water or other fluids such as oil to pass through it.

“Permian” means a geological time period approximately 298 to 251 million years ago.

“Permit” means an exploration Permit for Petroleum: issued under the Petroleum Legislation as referred to herein, and in respect of each such Permit, includes any tenement or Permit of any kind issued pursuant thereto, on renewal thereof or in substitution or replacement thereof and whether in whole or in part.

“Petroleum” has the meaning given to it under the relevant Petroleum Act.

“porosity” means the ratio of the volume of pore space in rock expressed as a percentage to its total volume.

“prospect” means a feature thought to be sufficiently defined to warrant the drilling of a well without the necessity of further investigation.

“Prospective Resources” means those quantities of Petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.

“recoverable gas” means an estimated measure of the total amount of gas which could be brought to the surface from a given reservoir; this is usually in the order of 60% - 70% of the estimated gas in place.

“recoverable oil” means an estimated measure of the total amount of oil which could be brought to the surface from a given reservoir; this is usually less than 50% of the estimated oil in place and commonly in the 20% to 40% range.

“Reserves” or **“reserves”** means those quantities of hydrocarbons which are anticipated to be commercially recovered from known accumulations from a given date forward. All reserve estimates involve some degree of uncertainty. Reserves are categorised into two principal classifications, proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty in their recoverability.

“reservoir” means pervious and porous rocks (usually sandstone, limestone or dolomite) capable of containing significant quantities of hydrocarbons.

“residual oil” means that oil remaining in a structure after the then oil in place has migrated out of the structure: of no commercial value.

“RFT” means repeat formation tester.

“risk” means an expression of certainty or uncertainty often relating to the presence of principal geological factors controlling oil accumulations.

“sandstone” means a sedimentary rock composed predominantly of sand sized grains, usually quartz.

“seal” means an impermeable rock (usually claystone or shale) that prevents the passage or further migration of hydrocarbons.

“sediment” means solid material, whether mineral or organic, that has been moved from its position of origin and redeposited.

“sedimentary rock” means a rock formed as a result of the consolidation of sediments.

“seismic survey” means 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.

“shale” means a claystone exhibiting a finely laminated structure.

“show” means an indication of oil or gas from an exploratory well.

“source rocks” means rocks (usually shales, claystone or coal) that have generated or are in the process of generating significant quantities of hydrocarbons.

“spill point” means the lowest closing contour in a trap below which hydrocarbons are no longer retained.

“spud” means commence the drilling of a well.

“ST” means side means track well.

“stratigraphy” means the study of stratified rocks, especially their age, correlation and character.

“structural trap” means a trap formed as a result of folding, faulting or a combination of both.

“structure” means deformed sedimentary rocks where the configuration is such as to form a trap for migrating hydrocarbons.

“Sw” means hydrocarbon saturation.

“T” means trillion (10^{12}).

“TCF” or **“Tcf”** means trillion cubic feet (of gas).

“TD” means total depth.

“tenement” means 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” means a body of reservoir rock , vertically or laterally sealed, the attitude of which allows it to retain hydrocarbons that have migrated into it.

“trend” means a strike direction of a geological feature.

“Triassic” means a geological time period approximately 251 to 205 million years ago.

“TWT” means two way time.

“unconformity” means lack of parallelism between rock strata in sequential contact, caused by a time break in sedimentation brought about by non-deposition or by erosion.

up-dip means the direction leading most directly to higher elevations on a inclined stratum or structure.

“uplift” means elevation of any extensive part of the Earth’s surface relative to some other part.

“water-washed oil” means oil altered by formation water flowing past an oil accumulation.

“well-log” or **“log”** means a recording of rock properties obtained by lowering various instruments down a drilled well.

Headings

Headings are for ease of reference only and do not affect the interpretation of this Scheme Booklet.

SECTION 13

NOTICE OF SHARE SCHEME MEETING

NOTICE OF SCHEME MEETING OF MEMBERS OF EXOIL LIMITED SUMMONED PURSUANT TO AN ORDER OF THE SUPREME COURT OF VICTORIA

NOTICE IS HEREBY GIVEN that by an Order of the Supreme Court of Victoria the Court has directed a Meeting of Members of the be summoned pursuant to Section 411 of the Corporations Act 2001 for the purpose of considering and if thought fit agreeing with or without amendment to the following resolution in accordance with Section 411 of the Corporations Act 2001.

"THAT the Scheme of Arrangement proposed to be entered into between Exoil Limited and its Members be agreed to."

The Court has ordered the Meeting to be held at the Institute of Chartered Accountants in Australia Level 3, 600 Bourke Street Melbourne, Victoria on 5 May 2011 at 10.00am

Enclosed are a copy of the Scheme of Arrangement and a copy of the Explanatory Statement explaining the effect of the Scheme of Arrangement as required by Section 412 of the Corporations Act 2001.

All Members entitled to attend and vote at the Meeting are entitled to appoint proxies to attend and vote on their behalf. Proxies must be lodged 48 hours before the time appointed for the Meeting at the registered office of the Company pursuant to the Order of the Court.

The Court has ordered that the Chairman of the Meeting be Mr Graeme A Menzies and, in his absence, Mr James M D Willis and has ordered the Chairman of the Meeting to report the result of the Meeting to the Court.

The Scheme of Arrangement if agreed to by the Scheme Meeting will not come into force unless it is approved by the Court and until a copy of the Order approving it is lodged with the Australian Securities and Investments Commission.

For the Scheme of Arrangement to be approved by the Court and to come into effect pursuant to the provisions of the Corporations Act and in accordance with the terms of the Scheme itself it is necessary for the Scheme to be agreed to by a majority in number of the Members present and voting in person or by proxy at this Scheme Meeting convened in accordance with the Order of the Court and whose shareholdings represent not less than 75% of the total number of shares of those persons present and voting either in person or by proxy at that meeting.

Members are urged to either vote in person or by proxy in relation to this matter. If the Scheme of Arrangement becomes effective in accordance with the Corporations Act 2001 the Scheme will bind all Members including those Members who do not attend and vote.

DATED this 25th day of March 2011.

BY ORDER OF THE COURT



John Tuohy
Company Secretary
EXOIL LIMITED

NOTES

1. A Member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
2. A proxy duly appointed need not be a Member. In the case of joint holders all must sign.
3. A form of proxy accompanies this Notice and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting. Any proxy lodged after that time will be treated as invalid.
4. Directors and Officers of all corporate shareholders should note that unless the corporate shareholder either:
 - (a) completes and lodges with the Company a valid appointment of proxy in accordance with the instructions on the enclosed Proxy Form; or
 - (b) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act 2001 or causes such personal representative to attend the meeting with such form of appointment or certificate; or
 - (c) has appointed an attorney;and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
5. Proxies and corporate appointment of representative forms may be returned to the Company in any of the following ways:
 - by delivery (by hand, mail, courier or facsimile) to the Company Secretary, Exoil Limited at its registered office, Level 21, 500 Collins Street, Melbourne 3000
Facsimile: +61 (3) 8610 4799
 - by delivery (by hand, mail, courier or facsimile) to the Company's share registry, namely: Link Market Service Limited at Level 1, 333 Collins Street, Melbourne VIC 3000
Facsimile +61 (3) 9615 9900
6. Corporate Members should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary - that director.
7. For the Company to rely on the assumptions set out in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.
8. In the case of a proprietary company that does not have a company secretary, as permitted by Section 204A of the Corporations Act, an instrument appointing a proxy shall be valid if it is executed by the sole company director of that company and the person signing the instrument of proxy states next to his signature that he is the sole company director of the company. In such a case the person signing the instrument of proxy will be deemed to have warranted and represented to the Company that the company appointing him is a company with a sole director and no company secretary.
9. Completion of a proxy form will not prevent individual Members from attending the meetings in person if they wish. Where a Member completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at the meeting.
10. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.

SECTION 14

NOTICE OF OPTION SCHEME MEETING

NOTICE OF SCHEME MEETING OF ALL THOSE PERSONS HOLDING OPTIONS TO ACQUIRE ORDINARY SHARES IN THE CAPITAL OF EXOIL LIMITED SUMMONED PURSUANT TO AN ORDER OF THE SUPREME COURT OF VICTORIA

NOTICE IS HEREBY GIVEN that by an Order of the Supreme Court of Victoria the Court has directed a Meeting of Members of the be summoned pursuant to Section 411 of the Corporations Act 2001 for the purpose of considering and if thought fit agreeing with or without amendment to the following resolution in accordance with Section 411 of the Corporations Act 2001.

"THAT the Scheme of Arrangement proposed to be entered into between Exoil Limited and its Optionholders be agreed to."

The Court has ordered the Meeting to be held at the Institute of Chartered Accountants in Australia Level 3, 600 Bourke Street Melbourne, Victoria on 5 May 2011 at 10.15 am or so soon thereafter as the meeting of Members of the Company convened by Order of the Court to be held at 10.00 am on the same date and at the same place shall have been concluded.

Enclosed are a copy of the Scheme of Arrangement and a copy of the Explanatory Statement explaining the effect of the Scheme of Arrangement as required by Section 412 of the Corporations Act 2001.

All Optionholders entitled to attend and vote at the Meeting are entitled to appoint proxies to attend and vote on their behalf. Proxies must be lodged 48 hours before the time appointed for the Meeting at the registered office of the Company pursuant to the Order of the Court.

The Court has ordered that the Chairman of the Meeting be Mr Graeme A Menzies and, in his absence, Mr James M D Willis and has ordered the Chairman of the Meeting to report the result of the Meeting to the Court.

The Scheme of Arrangement if agreed to by the Scheme Meeting will not come into force unless it is approved by the Court and until a copy of the Order approving it is lodged with the Australian Securities and Investments Commission.

For the Scheme of Arrangement to be approved by the Court and to come into effect pursuant to the provisions of the Corporations Act and in accordance with the terms of the Scheme itself it is necessary for the Scheme to be agreed to by a majority in number of the Optionholders present and voting in person or by proxy at this Scheme Meeting convened in accordance with the Order of the Court and whose Optionholdings represent not less than 75% of the total number of the Options of those persons present and voting either in person or by proxy at that meeting.

Optionholders are urged to either vote in person or by proxy in relation to this matter. If the Scheme of Arrangement becomes effective in accordance with the Corporations Act 2001 the Scheme will bind all Optionholders including those Optionholders who do not attend and vote.

DATED this 25th day of March 2011.

BY ORDER OF THE COURT



John Tuohy
Company Secretary
EXOIL LIMITED

NOTES

1. An Optionholder entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Optionholder's voting rights.
2. A proxy duly appointed need not be a Optionholder. In the case of joint holders all must sign.
3. A form of proxy accompanies this Notice and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting. Any proxy lodged after that time will be treated as invalid.
4. Directors and Officers of all corporate shareholders should note that unless the corporate Optionholder either:
 - (a) completes and lodges with the Company a valid appointment of proxy in accordance with the instructions on the enclosed Proxy Form; or
 - (b) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act 2001 or causes such personal representative to attend the meeting with such form of appointment or certificate; or
 - (c) has appointed an attorney;and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
5. Proxies and corporate appointment of representative forms may be returned to the Company in any of the following ways:
 - by delivery (by hand, mail, courier or facsimile) to the Company Secretary, Exoil Limited at its registered office, Level 21, 500 Collins Street, Melbourne 3000
Facsimile: +61 (3) 8610 4799
 - by delivery (by hand, mail, courier or facsimile) to the Company's share registry, namely: Link Market Service Limited at Level 1, 333 Collins Street, Melbourne VIC 3000
Facsimile +61 (3) 9615 9900
6. Corporate Optionholders should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary - that director.
7. For the Company to rely on the assumptions set out in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.
8. In the case of a proprietary company that does not have a company secretary, as permitted by Section 204A of the Corporations Act, an instrument appointing a proxy shall be valid if it is executed by the sole company director of that company and the person signing the instrument of proxy states next to his signature that he is the sole company director of the company. In such a case the person signing the instrument of proxy will be deemed to have warranted and represented to the Company that the company appointing him is a company with a sole director and no company secretary.
9. Completion of a proxy form will not prevent individual Optionholders from attending the meetings in person if they wish. Where an Optionholder completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that Optionholder is suspended while the Optionholder is present at the meeting.
10. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.

All correspondence to:
EXOIL LIMITED
Level 21
500 Collins Street
Melbourne 3000
Telephone (+61-3) 8610 4700
Facsimile (+61-3) 8610 4799

I/We (name of shareholder)
of (address)
being a member/members of Exoil Limited HEREBY APPOINT
(name)
of (address)
and/or failing him (name)
of (address)
hereby appoint(s) as proxy

of

OR failing that person, **OR** if no person is named above, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Scheme Meeting directed by the Supreme Court of Victoria to be held at the Institute of Chartered Accountants in Australia, Level 3, 600 Bourke Street Melbourne, Victoria on 5 May 2011 at 10.00 am and at any adjournment thereof for the purpose of considering and if thought fit, agreeing (with or without modification) to the proposals referred to in the notice convening the Scheme Meeting, and at that meeting and any adjournment thereof to vote for me/us in my/our name as indicated below with the mark "X" in the required square.

The proportion or number of my/our voting rights
which this proxy is appointed to represent is

% No. (see note 1)

Voting Instructions

Item 1

FOR

AGAINST

ABSTAIN

To agree to the Scheme of Arrangement

If no direction is given above or if more than one box is marked, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of the resolution to be considered by the meeting and any adjournment of the meeting.

Signature(s)

Date

Individual or
Joint Shareholder 1

Director/Company Secretary

Joint Shareholder 2

Director

Joint Shareholder 3

Sole Director & Sole Company
Secretary

NOTES

1. A Member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
2. A proxy duly appointed need not be a Member. In the case of joint holders all must sign.
3. A form of proxy accompanies this Notice and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting. Any proxy lodged after that time will be treated as invalid.
4. Directors and Officers of all corporate shareholders should note that unless the corporate shareholder either:
 - (a) completes and lodges with the Company a valid appointment of proxy in accordance with the instructions on the enclosed Proxy Form; or
 - (b) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act 2001 or causes such personal representative to attend the meeting with such form of appointment or certificate; or
 - (c) has appointed an attorney;and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
5. Proxies and corporate appointment of representative forms may be returned to the Company in any of the following ways:
 - (a) by delivery (by hand, mail, courier or facsimile) to the Company Secretary, Exoil Limited at its registered office, Level 21, 500 Collins Street, Melbourne 3000
 - (b) Facsimile: +61 (3) 8610 4799
 - (c) by delivery (by hand, mail, courier or facsimile) to the Company's share registry, namely:
Link Market Services Limited
Level 1, 333 Collins Street
Melbourne VIC 3000
or otherwise to Link Market Services Limited in the enclosed reply paid envelope.
6. Corporate Members should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - (a) 2 directors of the company; or
 - (b) a director and a company secretary of the company; or
 - (c) for a proprietary company that has a sole director who is also the sole company secretary - that director.
7. For the Company to rely on the assumptions set out in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.
8. In the case of a proprietary company that does not have a company secretary, as permitted by Section 204A of the Corporations Act, an instrument appointing a proxy shall be valid if it is executed by the sole company director of that company and the person signing the instrument of proxy states next to his signature that he is the sole company director of the company. In such a case the person signing the instrument of proxy will be deemed to have warranted and represented to the Company that the company appointing him is a company with a sole director and no company secretary.
9. Completion of a proxy form will not prevent individual Members from attending the meetings in person if they wish. Where a Member completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at the meeting.
10. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.

EXOIL LIMITED
ABN 40 005 572 798

**Proxy Form for OPTION SCHEME
MEETING**

All correspondence to:
EXOIL LIMITED
Level 21
500 Collins Street
Melbourne 3000
Telephone (+61-3) 8610 4700
Facsimile (+61-3) 8610 4799

I/We (name of shareholder)
of (address)
being a member/members of Exoil Limited HEREBY APPOINT
(name)
of (address)
and/or failing him (name)
of (address)
hereby appoint(s) as proxy

of

OR failing that person, **OR** if no person is named above, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Scheme Meeting directed by the Supreme Court of Victoria to be held at the Institute of Chartered Accountants in Australia, Level 3, 600 Bourke Street Melbourne, Victoria on 5May 2011 at 10.15 am and at any adjournment thereof for the purpose of considering and if thought fit, agreeing (with or without modification) to the proposals referred to in the notice convening the Scheme Meeting, and at that meeting and any adjournment thereof to vote for me/us in my/our name as indicated below with the mark "X" in the required square.

The proportion or number of my/our voting rights
which this proxy is appointed to represent is

% No. (see note 1)

Voting Instructions

Item 1

FOR

AGAINST

ABSTAIN

To agree to the Scheme of Arrangement

If no direction is given above or if more than one box is marked, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of the resolution to be considered by the meeting and any adjournment of the meeting.

Signature(s)

Date

Individual or
Joint Shareholder 1

Director/Company Secretary

Joint Shareholder 2

Director

Joint Shareholder 3

Sole Director & Sole Company
Secretary

NOTES

1. A Member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
2. A proxy duly appointed need not be a Member. In the case of joint holders all must sign.
3. A form of proxy accompanies this Notice and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting. Any proxy lodged after that time will be treated as invalid.
4. Directors and Officers of all corporate shareholders should note that unless the corporate shareholder either:
 - (a) completes and lodges with the Company a valid appointment of proxy in accordance with the instructions on the enclosed Proxy Form; or
 - (b) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act 2001 or causes such personal representative to attend the meeting with such form of appointment or certificate; or
 - (c) has appointed an attorney;and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
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 - (b) Facsimile: +61 (3) 8610 4799
 - (c) by delivery (by hand, mail, courier or facsimile) to the Company's share registry, namely:
Link Market Services Limited
Level 1, 333 Collins Street
Melbourne VIC 3000
or otherwise to Link Market Services Limited in the enclosed reply paid envelope.
6. Corporate Members should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - (a) 2 directors of the company; or
 - (b) a director and a company secretary of the company; or
 - (c) for a proprietary company that has a sole director who is also the sole company secretary - that director.
7. For the Company to rely on the assumptions set out in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.
8. In the case of a proprietary company that does not have a company secretary, as permitted by Section 204A of the Corporations Act, an instrument appointing a proxy shall be valid if it is executed by the sole company director of that company and the person signing the instrument of proxy states next to his signature that he is the sole company director of the company. In such a case the person signing the instrument of proxy will be deemed to have warranted and represented to the Company that the company appointing him is a company with a sole director and no company secretary.
9. Completion of a proxy form will not prevent individual Members from attending the meetings in person if they wish. Where a Member completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at the meeting.
10. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.

THIS DOCUMENT IS IMPORTANT.

IF YOU DO NOT UNDERSTAND IT OR ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

EXOIL LIMITED

ABN 40 005 572 798

NOTICE OF GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

All Members should note that, unless all resolutions put to the General Meeting, the Class Meeting, the Share Scheme Meeting and the Option Scheme Meeting are passed and the Share Scheme and Option scheme are approved by the Court and the Moby Farmin comes into effect, none of the matters the subject of those resolutions will proceed.

The Schemes will not proceed, your shares and options will not be cancelled, you will not receive any New Moby Shares or New Moby Options and Exoil's interest in WA-359-P will not be affected.

Date of Meeting

5 May 2011

Time of Meeting

10.30 a.m.

Place of Meeting

**Institute of Chartered Accountants in Australia
Level 3
600 Bourke Street
MELBOURNE 3000**

EXOIL LIMITED

ABN 40 005 572 798

NOTICE IS HEREBY GIVEN THAT A GENERAL MEETING OF SHAREHOLDERS OF EXOIL LIMITED ABN 40 005 572 798 ("COMPANY" OR "EXOIL") WILL BE HELD AT THE INSTITUTE OF CHARTERED ACCOUNTANTS IN AUSTRALIA, LEVEL 3, 600 BOURKE STREET, MELBOURNE, VICTORIA, 3000 ON 5 MAY 2011 AT 10.30 A.M. OR SO SOON THEREAFTER AS THE MEETING OF OPTIONHOLDERS OF EXOIL CONVENED UNDER ORDER OF THE SUPREME COURT OF VICTORIA TO BE HELD AT 10.15 A.M. SHALL HAVE CONCLUDED

The Scheme Booklet ("the Scheme Booklet") containing the Explanatory Statement required, pursuant to the Order of Her Honour, Justice Ferguson made 25 March 2011, to be despatched to members and optionholders of the Company in relation to the proposed schemes of arrangement accompanies this Notice of General Meeting.

AGENDA

The purpose of resolution 1 being put to the meeting convened by this notice of meeting ("the General Meeting") is to approve the cancellation of all of the Shares in Exoil of the members of Exoil who will exchange their shares in Exoil for shares in Moby Oil & Gas Limited ("Moby") under the proposed scheme of arrangement. The only shareholders who can vote on this resolution at this General Meeting are Mr Albers and his Associates whose Shares (in Exoil) are not being cancelled. A separate class meeting ("Class Meeting") will be held of those members of Exoil whose shares are to be cancelled. The notice of meeting for the Class Meeting accompanies this notice of meeting.

1. **Reduction of Capital: –to consider and, if thought fit, to pass the following resolution as a special resolution:**

""That, pursuant to sections 256B and 256C of the Corporations Act 2001 (Cwth) ("the Corporations Act") and the Company's constitution, the capital of the Company be reduced by cancelling all fully paid ordinary shares on issue held by those members of the Company who are the Non-Associated Shareholders, as herein defined, with such cancellation to be in exchange for the issue and allotment by Moby Oil & Gas Limited ("Moby") of 1.35 ordinary fully paid shares in the capital of Moby ("New Moby Shares") to each member of the Company for every fully paid ordinary share in the capital of the Company held by that member on the Record Date to determine entitlements to such New Moby Shares in accordance with a proposed Scheme of Arrangement ("the Scheme") to be entered into between the Company and its members the subject of Matter Number SCI 01006 of 2011 in the Supreme Court of Victoria ("the Application to the Court") on the following bases that:

(a) the reduction of capital shall be subject to the conditions precedent:

- (i) that ASX shall grant approval for the listing of all of the New Moby Shares on the stock market conducted by ASX;*
- (ii) that the Scheme shall have been approved by the members of the Company at a Scheme Meeting to be convened pursuant to an Order of the Court made in the Application to the Court and that the Scheme shall come into effect in accordance with the provisions of the Corporations Act;*
- (iii) the Company and Moby Oil & Gas Limited shall have entered into the Moby Farmin Agreement as described in the Scheme Booklet comprising the Explanatory Statement required to be registered in accordance with the requirements of section 411 of the Corporations Act 2001 ("the Act") in relation to Schemes of Arrangement proposed to be entered into pursuant to Orders of the supreme Court of Victoria in Matter SCI No 01006 of 2011 and that Cue Exploration Pty Ltd (ACN 004 431 850) (being the joint holder of Petroleum Exploration Permit WA-359-P) and Apache Northwest Pty Ltd (ABN 58 009 140 854) (which is also farming into WA-359-P) shall have given all necessary consents thereto.*

(b) on the reduction of capital taking place:

- (i) each member of the Company being a Non-Associated Shareholder (other than a "Foreign Shareholder" as defined in the Scheme) shall be entitled to receive the Scheme Consideration (as defined in the Scheme) being 1.35 New Moby Shares for every fully paid ordinary share in the capital of the Company held by that Non-Associated Shareholder on the Record Date to determine entitlements to such payment;*
- (ii) the entitlement of each Scheme Member, being a Foreign Shareholder as defined in the Scheme, to receive the Scheme Consideration shall be dealt with in accordance with the Scheme by the Scheme Consideration to which that Foreign Shareholder is entitled being issued and allotted to the Nominee as defined in the Scheme;*

and on the basis that Non-Associated Shareholders shall receive no other consideration under the Scheme or the reduction of capital the subject of this resolution other than the issue and allotment to them of the New Moby Shares.

For the purpose of this resolution the Non-Associated Shareholders are all of the Members of the Company other than the following Members, namely each of E G Albers, P J Albers, E G Albers & P J Albers, E G Albers & E M Larsson, Albers Custodian Company Pty Ltd ACN 005 473 316 <Albers Family Trust>, Auralandia NL ACN 004 913 884, Australis Finance Pty Ltd ACN 004 857 498, Bass Strait Group Pty Ltd ACN 005 512 434, Batavia Oil & Gas Pty Ltd ACN 084 043 907, Capricorn Mining Pty Ltd ACN 009 806 615, Gascorp Australia Pty Ltd ACN 102 547 884, Great Australia Corporation Pty Ltd ACN 004 333 288, Great Missenden Holdings Pty Ltd ACN 004 765 557, National Oil & Gas Pty Ltd ACN 009 240 420, Natural Resources Group Pty Ltd ACN 004 650 597, Ultragas Resources Pty Ltd ACN 136 941 832 and Wilstermere Corporation Pty Ltd ACN 004 745 135 who are collectively defined in the Scheme as "Mr Albers and his Associates."

2. Resolution 2 Approval of Moby Farmin: –to consider and, if thought fit, to pass the following resolution as a special resolution:

"That the farmin entered into between Moby Oil & Gas Limited ("Moby") and the Company, a copy of which is tabled at the meeting and signed by Mr Willis as the Chairman and marked with the letter "A" for the purposes of identification and which is on the terms set out in the Scheme Booklet which accompanies this notice of meeting and pursuant to which Moby earns 95% of the Company's interest in petroleum exploration permit WA-359-P by meeting all of the Company's work commitments in relation to that permit, and any renewal thereof, which are not satisfied or met by Apache North West Pty Ltd pursuant to the terms of the Apache farmin into that permit, be approved and ratified subject to receiving all requisite consents from Cue Exploration Pty Ltd (ACN 004 431 850) and Apache Northwest Pty Ltd (ABN 58 009 140 854) and subject to receiving all necessary regulatory consents thereto."

The purpose of resolution 2 is to approve a proposed farmin by Moby to permit WA-359-P on the terms described in the Scheme Booklet which accompanies this Notice of meeting. Technically, although the Moby Farmin can only come into effect if the Schemes come into effect, the result of which will be that Exoil becomes wholly owned by Mr Albers and his Associates, it is appropriate that the Moby Farmin be approved by Members.

None of Mr Albers, or any of his Associates and none of Mr Willis or Mr Menzies or any of their respective Associates will vote on this resolution. The only members who may vote on this resolution are the Non-Associated Shareholders.

You should note that, unless this resolution is passed as a special resolution, the Schemes between Exoil and its Members and Exoil and its Optionholders will not come into effect and you will all remain as shareholders and optionholders of Exoil. You will not exchange your Exoil Shares or Options for New Moby Shares or Options because the Schemes will not proceed. Accordingly you should consider the matters set out in the accompanying Scheme Booklet in deciding how to vote on resolution 2 below.

For your information DMR Corporate Pty Ltd has considered the terms of the Moby Farmin and concluded that the terms of the Moby Farmin are fair and reasonable to the Non-Associated Shareholders. A copy of a short report from DMR Corporate in relation thereto accompanies this notice of meeting. Put simply, a major reason why the Moby Farmin is fair and reasonable to the Non-Associated Shareholders and Optionholders is that none of the Non-Associated Shareholders or Optionholders will be members of, or optionholders in, Exoil after the Moby Farmin comes into effect.

By Order of the Board of
EXOIL LIMITED



J G Tuohy
Company Secretary
Dated: 31 March 2011

NOTES

1. A member entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights.

If the member does not specify the proportion of votes the proxy may exercise, then each proxy will be taken to exercise one half of the votes held and subject to the proxy with fractional entitlements to votes being disregarded.

2. A proxy duly appointed need not be a member. In the case of joint holders all must sign.
3. A form of proxy accompanies this notice of meeting and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the meeting. Any proxy lodged after that time will be treated as invalid.
4. Directors and officers of all corporate shareholders should note that, unless the corporate shareholder either:
 - (a) completes and lodges with the Company a valid appointment of proxy in accordance with the instructions on the enclosed proxy form; or
 - (b) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act, or causes such personal representative to attend the meeting with such form of appointment or certificate; or
 - (c) has appointed an attorney;and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
5. Proxies and corporate appointment of representative forms may be returned to Exoil in any of the following ways:
 - (a) by delivery (by hand, mail, courier or facsimile) to the Company Secretary, Exoil Limited. at its registered office: Level 21, 500 Collins Street, Melbourne 3000: Facsimile: +61 (3) 8610 4799
 - (b) by delivery (by hand, mail, courier or facsimile) to the Company's share registry, namely: Link Market Service Limited, Level 1, 333 Collins Street, Melbourne VIC 3000: Facsimile +61 (3) 9615 9900
6. Corporate members should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary - that director.

For Exoil to rely on the assumptions set out in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with section 127(1) or (2) of the Corporations Act. This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of section 127(1) or (2) as applicable. **In particular a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.** In the case of a proprietary company that does not have a company secretary, as permitted by Section 204A of the Corporations Act, an instrument appointing a proxy shall be valid if it is executed by the sole company director of that company and the person signing the instrument of proxy states next to his signature that he is the sole company director of the company. In such a case the person signing the instrument of proxy will be deemed to have warranted and represented to the Company that the company appointing him is a company with a sole director and no company secretary.
7. Completion of a proxy form will not prevent individual members from attending the meetings in person if they wish. Where a member completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that member is suspended while the member is present at the meeting.
8. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.

Voting Exemption Clause: resolution 1

The Company advises that, in respect of resolution 1 it will disregard any votes cast on the relevant resolution by any of Non-Associated Shareholders whose shares are to be cancelled in accordance with the Corporations Act.

Voting Exemption Clause: resolution 2

The Company advises that, in respect of resolution 2 it will disregard any votes cast on the relevant resolution by any of the Mr Albers and his Associates or Mr G Menzies or Mr J Willis and any of their respective Associates within the meaning of the Corporations Act.

However, the Company will not disregard a vote if:

- (a) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY MEMORANDUM FOR GENERAL MEETING AND CLASS MEETING TO BE HELD ON 5 MAY 2011 IN RELATION TO:

- **SELECTIVE REDUCTION OF CAPITAL BY CANCELLATION OF SHARES HELD BY NON-ASSOCIATED SHAREHOLDERS (BEING ALL OF THE SHARES IN EXOIL OTHER THAN THE SHARES HELD BY MR ALBERS AND HIS ASSOCIATES)**
- **MOBY FARMIN TO WA-359-P**

This explanatory memorandum is provided in relation to the proposed selective cancellation of shares in Exoil which is described in context in the accompanying Scheme Booklet prepared in relation to the Schemes of Arrangement proposed to be entered into between Exoil and its Members and Optionholders. This explanatory memorandum should be read in conjunction with that Scheme Booklet but provides additional information relevant to the reduction of capital in conjunction with the notices of meeting for:

- (a) The General Meeting for the selective reduction of capital referred to herein and the approval of the Moby Farmin;
- (b) The Class Meeting for the meeting of the Non-Associated Shareholders whose Shares are to be cancelled as set out in Resolution 1 on the notice of General Meeting;

Where terms used in this explanatory memorandum are defined in the accompanying notices of meeting or Scheme Booklet, they have the same meaning herein unless otherwise defined or unless repugnant to the context in which such terms are used.

Reductions of Capital

The proposed reduction of capital is a selective reduction of capital.

Resolution 1: Cancellation of Non-Associated Shareholders Shares

Resolution 1 deals with the cancellation of the Shares held by the Non-Associated Shareholders in exchange for the of the Scheme Consideration, being 1.35 New Moby Shares for every Share held by the Non-Associated Shareholders on the Record Date to determine entitlements to participate in the Schemes.

The Share Scheme will be implemented by this reduction of capital in conjunction with the provisions of the Share Scheme proposed to be entered in to between Exoil and its Members, as described in the Scheme Booklet which accompanies this Notice of Meeting. The reduction of capital is described in detail in the Scheme Booklet which Members should read carefully to obtain a more complete understanding of the proposals of which this reduction of capital forms part. The Share Scheme, if it comes into effect, will be effected by the cancellation of Shares held by the Non-Associated Shareholders and the payment of the Scheme Consideration as described in the Scheme Booklet.

The reduction of capital is a selective reduction of capital in accordance with the provisions of section 256B(2) of the Corporations Act.

The Scheme Booklet and this notice of meeting and explanatory memorandum have each been lodged with ASIC in accordance with the requirements of sections 256C(4) and 256C(5) of the Corporations Act.

Requirements of Section 256B of the Corporations Act

Section 256B(1) of the Corporations Act provides that a company may reduce its share capital if the reduction:

- is fair and reasonable to the company's shareholders as a whole;
- does not materially prejudice the company's ability to pay its creditors; and
- is approved by shareholders under section 256C of the Corporations Act.

Requirements of Section 256C of the Corporations Act

A reduction of capital is a selective reduction of capital unless it applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold. The resolution does not satisfy this test and, accordingly, the reduction of capital is a selective reduction of capital.

As the reduction of capital is a selective reduction, Exoil must hold both a General Meeting and a separate Class meeting to approve the reduction of capital.

The Corporations Act requires that a general meeting and a class meeting are held in relation to every selective reduction of capital where shares are being cancelled.

At each such general meeting the members whose shares are being cancelled are not allowed to vote on the resolution to cancel the shares held by them.

At each such class meeting, the members whose shares are being cancelled are the only members allowed to vote on the resolution to cancel their shares.

The Corporations Act thus requires both groups of members to approve any selective cancellation of shares and requires the splitting of that approval process so that both groups of members must give approval. This prevents any dominant member controlling the cancellation of shares process.

This process described above applies to this selective reduction of capital.

Insofar as the current General Meeting and the Class Meetings are concerned the right of members to vote, as determined by the above process, is set out below.

Voting at the General Meeting

At the General Meeting:

- the Members whose Shares are not being cancelled under resolution 1 are able to vote on that resolution.
- the Non-Associated Shareholders whose Shares are being cancelled under resolution 1 are not able to vote on that resolution. If they purport to vote their vote will be disregarded.
- The only members who can vote on resolution 1 are Mr Albers and his Associates whose shares are not being cancelled..

All of the Non-Associated Shareholders may vote on Resolution 2. None of Mr Albers and his Associates or Mr Menzies or Mr Willis or any of their Associates within the meaning of the Corporations Act will vote on resolution 2.

Voting at the Class Meeting to approve cancellation of Scheme Shares under Resolution 1

At the Class Meeting which is being held in relation to the cancellation of Shares held by the Non-Associated Shareholders under resolution 1 being put to the General Meeting:

- All the Non-Associated Shareholders whose Shares are being cancelled under resolution 1 being put to the General Meeting and the resolution being put to that Class Meeting can vote.
- None of Mr Albers and his Associates can vote on the resolution being put to that Class Meeting. Additionally each of Mr Willis and Mr Menzies and their respective Associates will abstain from voting on the resolution because they are not independent of either Moby or Mr Albers and his Associates.

Effect of Reductions of Capital on Creditors

The Directors consider that the reduction of capital will not prejudice Exoil's ability to pay its creditors. No consideration is payable by Exoil in relation to the reduction of capital. Further, the Directors advise that the reduction of capital will not result in Exoil becoming insolvent at the time of the capital reduction is made, nor will Exoil become insolvent as a result of the capital reduction.

Further and as set out in the Scheme Booklet, DMR, as the Independent Expert commissioned to consider the Schemes, considers that the proposed Schemes and the reduction of capital by cancellation of the Non-Associated Shareholders' Shares in exchange for the Scheme Consideration is fair and reasonable to them and in their best interests.

All Members are recommended to read the Scheme Booklet in full and specifically the reports by DMR Corporate (incorporating a report from SRK) and the general taxation report by Blaze Acumen, Chartered Accountants.

Effect of Capital Reductions

The effect of the proposed reductions of capital and the Scheme are set out in detail in the Scheme Booklet.

24 March 2011

The Chairman
Exoil Limited
Level 21, 500 Collins Street
Melbourne VIC 3000

Dear Sir,

We refer to our Independent Expert's Report ("IER") dated 24 March 2011 in relation to the proposed Schemes of Arrangement between Exoil Limited ("Exoil") and its Members and Option holders. The IER sets out our opinion whether such Schemes are fair and reasonable and in the best interests of the Non-Associated Shareholders in Exoil and the Option holders.

We note that the proposed Schemes and the Moby Farmin described in the Scheme Booklet to be despatched to Exoil's Members and Option holders are interdependent and, unless all of the proposed transactions occur, none of them will.

In the IER we concluded that the Share Scheme was fair and reasonable to the Non-Associated Shareholders and the Option Scheme was fair and reasonable to the Option holders and that both the Schemes were in the best interests of the Non-Associated Shareholders and the Option holders respectively.

Following implementation of the proposed Schemes Mr. Albers and his associates will be the only remaining members in Exoil and we understand that they are intending to change the status of Exoil to that of a proprietary company. Whilst Chapter 2E of the Corporations Act 2001 ("Chapter 2E") does not apply to a proprietary company, technically at the point of implementation of the Schemes it can be argued that Chapter 2E would apply to Exoil as it will still be a public company. It is for this reason that you have sought our opinion as to whether the Moby Farmin is fair and reasonable to the Non-Associated Shareholders in Exoil. In that regard we note:

- as can be seen from Appendix A to the IER, the interests of Albers and his associates in exploration permit WA-359-P following the proposed Scheme are reduced by \$198,780.
- As a consequence of all of the proposed transactions the Non-Associated shareholders are to receive 33,823,266 Moby shares with an approximate value of \$1.8 million and in turn the Farmin will see Moby emerge with a 95% interest in Exoil's interest in WA-359-P. SRK, the independent geologists, have valued Exoil's interest in WA-359-P at \$1,403,154.

DMR

- The Moby Farmin removes from Exoil all but a minor residual contingent liability in respect of work commitments in the balance of the current term of the WA-359-P permit in the unlikely event that Apache fails to meet its commitments or in any renewed term of WA-359-P.

Accordingly, for all the reasons set out above we consider the terms of the Moby Farmin are fair and reasonable to the Non-Associated Shareholders of Exoil.

Best regards,

A handwritten signature in black ink, appearing to read "Paul Lom".

Paul Lom
Director

EXOIL LIMITED
ABN 40 005 572 798

Proxy Form for General Meeting

All correspondence to:
EXOIL LIMITED
Level 21
500 Collins Street
Melbourne 3000
Telephone (+61-3) 8610 4700
Facsimile (+61-3) 8610 4799

I/We (name of shareholder).....
of (address)
being a member/members of Exoil Limited HEREBY APPOINT
(name)
of (address)
and/or failing him (name)
of (address)

hereby appoint(s) as proxy

of

or failing that person then the Chairman of the General Meeting as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at the Institute of Chartered Accountants, level 3, 600 Bourke Street, Melbourne 3000 on 5 May 2011 at 10.30 a.m. or so soon thereafter as the Option Scheme Meeting convened by order of the Supreme Court to be held at 10.15 am on that date shall have concluded and at any adjournment of the meeting.

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS: If no directions are given my proxy may vote as the proxy thinks fit or may abstain. Otherwise the Proxy is to vote for or against the resolutions referred to in the notice convening the General Meeting as follows:

		<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>
Resolution 1:	Reduction of Capital and cancellation of Non-Associated Shareholders Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution2:	Approval of Moby Farmin to WA-359-P	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This Proxy is appointed to represent ___ % of my voting right, or if 2 proxies are appointed, proxy 1 represents ____% and proxy 2 represents ____% of my total votes. My total voting right is _____ shares. If no direction is given above or if more than one box is marked, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of the resolutions to be considered by the meeting and any adjournment of the meeting.

Date

Signature(s)

Individual or
Joint Shareholder 1

Director/Company Secretary

Joint Shareholder 2

Director

Joint Shareholder 3

Sole Director & Sole
Company Secretary

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A member entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. Where no allocation is made, each proxy will be deemed to be appointed in relation to one half of the securities the subject of the proxy (disregarding fractional entitlements to votes).
2. A proxy duly appointed need not be a member. In the case of joint holders all must sign.
3. A form of proxy accompanies this notice and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the meeting. Any proxy lodged after that time will be treated as invalid.
4. Directors and officers of all corporate shareholders should note that, unless the corporate shareholder either:
 - (a) completes and lodges with the Company a valid appointment of proxy in accordance with the instructions on the enclosed proxy form; or
 - (b) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act, or causes such personal representative to attend the meeting with such form of appointment or certificate; or
 - (c) has appointed an attorney;and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
5. Proxies and corporate appointment of representative forms may be returned to Exoil in any of the following ways:
 - (a) by delivery (by hand, mail, courier or facsimile) to the Company Secretary, Exoil Limited. at its registered office: Level 21, 500 Collins Street, Melbourne 3000: Facsimile: +61 (3) 8610 4799
 - (b) by delivery (by hand, mail, courier or facsimile) to the Company's share registry, namely: Link Market Service Limited, Level 1, 333 Collins Street, Melbourne VIC 3000: Facsimile +61 (3) 9615 9900
6. Corporate members should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary - that director.
7. For Exoil to rely on the assumptions set out in sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature. In the case of a proprietary company that does not have a company secretary, as permitted by section 204A of the Corporations Act, an instrument appointing a proxy shall be valid if it is executed by the sole company director of that company and the person signing the instrument of proxy states next to his signature that he is the sole company director of the company. In such a case the person signing the instrument of proxy will be deemed to have warranted and represented to the Company that the company appointing him is a company with a sole director and no company secretary.
8. Completion of a proxy form will not prevent individual members from attending the meetings in person if they wish. Where a member completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that member is suspended while the member is present at the meeting.
9. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.
10. If you do not wish to direct your proxy how to vote, you should not complete the boxes on the front of this form. If you wish to direct your proxy to vote in favour of, against or abstain from voting in relation to any resolution you should direct your proxy accordingly by marking the appropriate box.
11. Chairman's Voting Intention in relation to Undirected Proxies
Subject to the operation of the express voting exclusions contained in the notes to the notice of meeting and their operation it is the Chairman's intention to vote undirected proxy in favour of each resolution to be put to the meeting.
If you do not wish to direct your proxy how to vote, please place a mark in the box.

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By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

EXOIL LIMITED

ABN 40 005 572 798

NOTICE IS HEREBY GIVEN THAT A CLASS MEETING OF SHAREHOLDERS OF EXOIL LIMITED ABN 40 005 572 798 ("COMPANY" OR "EXOIL") THE NON-ASSOCIATED SHAREHOLDERS OF EXOIL (BEING THOSE SHAREHOLDERS OF EXOIL WHOSE SHARES ARE PROPOSED TO BE CANCELLED UNDER RESOLUTION 1 ON THE NOTICE OF GENERAL MEETING CONVENED TO BE HELD AT 10.30 ON 5 MAY 2011) WILL BE HELD AT THE INSTITUTE OF CHARTERED ACCOUNTANTS IN AUSTRALIA, LEVEL 3, 600 BOURKE STREET, MELBOURNE, VICTORIA, 3000 ON 5 MAY 2011 AT 10.45 A.M. OR SO SOON THEREAFTER AS THE SAID GENERAL MEETING OF MEMBERS TO BE HELD AT 10.30 A.M. SHALL HAVE CONCLUDED

The Scheme Booklet ("the Scheme Booklet") containing the Explanatory Statement required, pursuant to the Order of Her Honour, Justice Ferguson made 25 March 2011, to be despatched to members and optionholders of the Company in relation to the proposed schemes of arrangement accompanies this Notice of General Meeting.

AGENDA

The purpose of the sole resolution being put to the meeting convened by this notice of meeting ("the Class Meeting") is to approve the cancellation of all of the Shares in Exoil of the members of Exoil who will exchange their shares in Exoil for shares in Moby Oil & Gas Limited ("Moby") under the proposed scheme of arrangement and whose shares in Exoil are to be cancelled in accordance with that Scheme. All shareholders can vote on this resolution at this Class Meeting other than Mr Albers and his Associates whose Shares in Exoil are not being cancelled. A separate general meeting ("General Meeting") will be held to approve the cancellation of such shares. The notice of meeting for the G Meeting accompanies this notice of meeting.

1. **Reduction of Capital: –to consider and, if thought fit, to pass the following resolution as a special resolution:**

"That, pursuant to sections 256B and 256C of the Corporations Act 2001 (Cwth) ("the Corporations Act") and the Company's constitution, the capital of the Company be reduced by cancelling all fully paid ordinary shares on issue held by those members of the Company who are the Non-Associated Shareholders, as herein defined, with such cancellation to be in exchange for the issue and allotment by Moby Oil & Gas Limited ("Moby") of 1.35 ordinary fully paid shares in the capital of Moby ("New Moby Shares") to each member of the Company for every fully paid ordinary share in the capital of the Company held by that member on the Record Date to determine entitlements to such New Moby Shares in accordance with a proposed Scheme of Arrangement ("the Scheme") to be entered into between the Company and its members the subject of Matter Number SCI 01006 of 2011 in the Supreme Court of Victoria ("the Application to the Court") on the following bases that:

- (a) *the reduction of capital shall be subject to the conditions precedent:*
 - (i) *that ASX shall grant approval for the listing of all of the New Moby Shares on the stock market conducted by ASX;*
 - (ii) *that the Scheme shall have been approved by the members of the Company at a Scheme Meeting to be convened pursuant to an Order of the Court made in the Application to the Court and that the Scheme shall come into effect in accordance with the provisions of the Corporations Act;*
 - (iii) *the Company and Moby Oil & Gas Limited shall have entered into the Moby Farmin Agreement as described in the Scheme Booklet comprising the Explanatory Statement required to be registered in accordance with the requirements of section 411 of the Corporations Act 2001 ("the Act") in relation to Schemes of Arrangement proposed to be entered into pursuant to Orders of the supreme Court of Victoria in Matter SCI No 01006 of 2011 and that Cue Exploration Pty Ltd (ACN 004 431 850) (being the joint holder of Petroleum Exploration Permit WA-359-P) and Apache Northwest Pty Ltd (ABN 58 009 140 854) (which is also farming into WA-359-P) shall have given all necessary consents thereto.*

(b) *on the reduction of capital taking place:*

- (i) *each member of the Company being a Non-Associated Shareholder (other than a "Foreign Shareholder" as defined in the Scheme) shall be entitled to receive the Scheme Consideration (as defined in the Scheme) being 1.35 New Moby Shares for every fully paid ordinary share in the capital of the Company held by that Non-Associated Shareholder on the Record Date to determine entitlements to such payment;*
- (ii) *the entitlement of each Scheme Member, being a Foreign Shareholder as defined in the Scheme, to receive the Scheme Consideration shall be dealt with in accordance with the Scheme by the Scheme Consideration to which that Foreign Shareholder is entitled being issued and allotted to the Nominee as defined in the Scheme;*

and on the basis that Non-Associated Shareholders shall receive no other consideration under the Scheme or the reduction of capital the subject of this resolution other than the issue and allotment to them of the New Moby Shares.

For the purpose of this resolution the Non-Associated Shareholders are all of the Members of the Company other than the following Members, namely each of E G Albers, P J Albers, E G Albers & P J Albers, E G Albers & E M Larsson, Albers Custodian Company Pty Ltd ACN 005 473 316 <Albers Family Trust>, Auralandia NL ACN 004 913 884, Australis Finance Pty Ltd ACN 004 857 498, Bass Strait Group Pty Ltd ACN 005 512 434, Batavia Oil & Gas Pty Ltd ACN 084 043 907, Capricorn Mining Pty Ltd ACN 009 806 615, Gascorp Australia Pty Ltd ACN 102 547 884, Great Australia Corporation Pty Ltd ACN 004 333 288, Great Missenden Holdings Pty Ltd ACN 004 765 557, National Oil & Gas Pty Ltd ACN 009 240 420, Natural Resources Group Pty Ltd ACN 004 650 597, Ultragas Resources Pty Ltd ACN 136 941 832 and Wilstermere Corporation Pty Ltd ACN 004 745 135 who are collectively defined in the Scheme as "Mr Albers and his Associates."

None of Mr Albers, or any of his Associates and none of Mr Willis or Mr Menzies or any of their respective Associates will vote on this resolution. The only members who may vote on this resolution are the Non-Associated Shareholders whose Shares (in Exoil) are being cancelled.

All Members should note that, unless all resolutions put to the General Meeting, the Class Meeting, the Share Scheme Meeting and the Option Scheme Meeting are passed and the Share Scheme and Option Scheme are approved by the Court and the Moby Farmin comes into effect, none of the matters the subject of those resolutions will proceed.

The Schemes will not proceed, your shares and options will not be cancelled, you will not receive any New Moby Shares or New Moby Options and Exoil's interest in WA-359-P will not be affected.

By Order of the Board of

EXOIL LIMITED



J G Tuohy
Company Secretary
Dated: 31 March 2011

NOTES

1. A member entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights.
If the member does not specify the proportion of votes the proxy may exercise, then each proxy will be taken to exercise one half of the votes held and subject to the proxy with fractional entitlements to votes being disregarded.
2. A proxy duly appointed need not be a member. In the case of joint holders all must sign.
3. A form of proxy accompanies this notice of meeting and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the meeting. Any proxy lodged after that time will be treated as invalid.
4. Directors and officers of all corporate shareholders should note that, unless the corporate shareholder either:
 - (a) completes and lodges with the Company a valid appointment of proxy in accordance with the instructions on the enclosed proxy form; or
 - (b) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act, or causes such personal representative to attend the meeting with such form of appointment or certificate; or
 - (c) has appointed an attorney;and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
5. Proxies and corporate appointment of representative forms may be returned to Exoil in any of the following ways:
 - (a) by delivery (by hand, mail, courier or facsimile) to the Company Secretary, Exoil Limited. at its registered office: Level 21, 500 Collins Street, Melbourne 3000: Facsimile: +61 (3) 8610 4799
 - (b) by delivery (by hand, mail, courier or facsimile) to the Company's share registry, namely: Link Market Service Limited, Level 1, 333 Collins Street, Melbourne VIC 3000: Facsimile +61 (3) 9615 9900
6. Corporate members should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary - that director.For Exoil to rely on the assumptions set out in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with section 127(1) or (2) of the Corporations Act. This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of section 127(1) or (2) as applicable. **In particular a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.** In the case of a proprietary company that does not have a company secretary, as permitted by Section 204A of the Corporations Act, an instrument appointing a proxy shall be valid if it is executed by the sole company director of that company and the person signing the instrument of proxy states next to his signature that he is the sole company director of the company. In such a case the person signing the instrument of proxy will be deemed to have warranted and represented to the Company that the company appointing him is a company with a sole director and no company secretary.
7. Completion of a proxy form will not prevent individual members from attending the meetings in person if they wish. Where a member completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that member is suspended while the member is present at the meeting.
8. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.

Voting Exemption Clause

The Company advises that, in respect of resolution 2 it will disregard any votes cast on the relevant resolution by any of the Mr Albers and his Associates or Mr G Menzies or Mr J Willis and any of their respective Associates within the meaning of the Corporations Act.

However, the Company will not disregard a vote if:

- (a) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXOIL LIMITED
ABN 40 005 572 798

Proxy Form for CLASS Meeting

All correspondence to:
EXOIL LIMITED
Level 21
500 Collins Street
Melbourne 3000
Telephone (+61-3) 8610 4700
Facsimile (+61-3) 8610 4799

I/We (name of shareholder)
of (address)
being a member/members of Exoil Limited HEREBY APPOINT
(name)
of (address)
and/or failing him (name)
of (address)

hereby appoint(s) as proxy

of

or failing that person then the Chairman of the General Meeting as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at the Institute of Chartered Accountants, level 3, 600 Bourke Street, Melbourne 3000 on 5th May 2011 at 10.45 a.m. or so soon thereafter as the General Meeting to be held at 10.30 am on that date shall have concluded and at any adjournment of the meeting.

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS: If no directions are given my proxy may vote as the proxy thinks fit or may abstain. Otherwise the Proxy is to vote for or against the resolutions referred to in the notice convening the General Meeting as follows:

		<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>
Resolution	Reduction of Capital and cancellation of Non-Associated Shareholders Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This Proxy is appointed to represent ___ % of my voting right, or if 2 proxies are appointed, proxy 1 represents ___ % and proxy 2 represents ___ % of my total votes. My total voting right is _____ shares. If no direction is given above or if more than one box is marked, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of the resolutions to be considered by the meeting and any adjournment of the meeting.

Date

Signature(s)

Individual or
Joint Shareholder 1

Director/Company Secretary

Joint Shareholder 2

Director

Joint Shareholder 3

Sole Director & Sole
Company Secretary

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A member entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the member does not specify the proportion of votes the proxy may exercise, then each proxy will be taken to exercise one half of the votes held and subject to the proxy with fractional entitlements to votes being disregarded.
2. A proxy duly appointed need not be a member. In the case of joint holders all must sign.
3. A form of proxy accompanies this notice of meeting and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the meeting. Any proxy lodged after that time will be treated as invalid.
4. Directors and officers of all corporate shareholders should note that, unless the corporate shareholder either:
 - (a) completes and lodges with the Company a valid appointment of proxy in accordance with the instructions on the enclosed proxy form; or
 - (b) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act, or causes such personal representative to attend the meeting with such form of appointment or certificate; or
 - (c) has appointed an attorney;and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
5. Proxies and corporate appointment of representative forms may be returned to Exoil in any of the following ways:
 - (a) by delivery (by hand, mail, courier or facsimile) to the Company Secretary, Exoil Limited. at its registered office: Level 21, 500 Collins Street, Melbourne 3000: Facsimile: +61 (3) 8610 4799
 - (b) by delivery (by hand, mail, courier or facsimile) to the Company's share registry, namely: Link Market Service Limited, Level 1, 333 Collins Street, Melbourne VIC 3000: Facsimile +61 (3) 9615 9900
6. Corporate members should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary - that director.For Exoil to rely on the assumptions set out in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with section 127(1) or (2) of the Corporations Act. This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of section 127(1) or (2) as applicable.
In particular a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature. In the case of a proprietary company that does not have a company secretary, as permitted by Section 204A of the Corporations Act, an instrument appointing a proxy shall be valid if it is executed by the sole company director of that company and the person signing the instrument of proxy states next to his signature that he is the sole company director of the company. In such a case the person signing the instrument of proxy will be deemed to have warranted and represented to the Company that the company appointing him is a company with a sole director and no company secretary.
7. Completion of a proxy form will not prevent individual members from attending the meetings in person if they wish. Where a member completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that member is suspended while the member is present at the meeting.
8. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.

Voting Exemption Clause

The Company advises that it will disregard any votes cast on the resolution by any of the Mr Albers and his Associates or Mr G Menzies or Mr J Willis and any of their respective Associates within the meaning of the Corporations Act.

However, the Company will not disregard a vote if:

- (i) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

If you do not wish to direct your proxy how to vote, please place a mark in the box.

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By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.