

Exoma Energy Limited

ABN 56 125 943 240

PROSPECTUS

For an offer of up to 40,000,000 Shares at an issue price of \$0.05 per Share (New Share) to raise up to \$2,000,000, together with one (1) free Option for every one (1) New Share subscribed for and allotted.

Lead Manager

Indian Ocean Capital Pty Ltd

Important Notice

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional adviser without delay. The Shares offered by this Prospectus should be considered speculative.

Important information

This Prospectus is dated 24 September 2009 and was lodged with the Australian Securities and Investment Commission (**ASIC**) on 24 September 2009. ASIC and the Australian Securities Exchange (**ASX**) take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional adviser without delay. The Shares offered by this Prospectus should be considered speculative.

Application for ASX quotation

Within 7 days following the date of this Prospectus Exoma Energy Limited (**Exoma** or the **Company**) will apply for the New Securities offered by this Prospectus to be listed for quotation by ASX. No New Securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Risk factors

Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for the Company, potential investors should consider the assumptions underlying the prospective financial information and the risk factors that could affect the performance of the Company. Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial adviser before deciding to invest.

Exposure period

Under the Corporations Act, Exoma is not permitted to process Applications in the period of 7 days after the date of lodgement of this Prospectus with ASIC. ASIC may extend this period for up to a further 7 days. The Exposure Period enables the Prospectus to be examined by market participants prior to the raising of funds. No preference will be conferred on Applications received during the Exposure Period.

Electronic prospectus

This Prospectus (may be viewed in electronic form at www.exoma.net by Australian investors only. The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during the Offer Period by contacting the Company. The information on www.exoma.net does not form part of this Prospectus.

Applications

Applications may only be made on an Application Form attached to or accompanying a printed copy of the Prospectus, unless otherwise directed by the Lead Manager. The Corporations Act prohibits any person from passing an Application Form to any other person unless it is attached to, or accompanied by, a hard copy of the Prospectus or a complete and unaltered electronic copy of the Prospectus.

The Company will not accept a completed Application Form if it has reason to believe that the Applicant has not received a Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way.

Definitions and glossary

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the glossary in Section 10. The financial amounts in this Prospectus are expressed in Australian dollars unless otherwise stated. References to time are to Western Standard Time (WST) unless stated otherwise.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company or the Directors.

Offer restrictions

An Offer contained in this Prospectus is available to Australian residents only. The distribution of this Prospectus (including in electronic form) in jurisdictions outside Australia may be restricted by law and therefore persons who obtain this Prospectus should seek advice on, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction in which, or any person whom, it would be unlawful to make such an offer or invitation.

No action has been taken to register or qualify the Offers or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

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Key dates

An indicative timetable of key proposed dates is set out below. These dates are indicative only and the dates are subject to possible change. The Directors reserve the right to close the Placement Offer early or extend the Closing Date without notice.

Event	Date
Lodgement of Prospectus with ASIC	24 September 2009
Exposure period ends	1 October 2009
Opening Date	2 October 2009
Closing Date	23 October 2009
Allotment of New Securities	26 October 2009
Despatch date of holding statements	26 October 2009
Return funds in respect of unsuccessful applications	26 October 2009
Expected date for Official Quotation of New Shares on ASX	27 October 2009

Corporate directory

Directors (as at the date of the Prospectus)

David Paul Rowbottam
Managing Director

John David Hopkins
Non-Executive Chairman

Brendan Bartholomew Egan*
Non-Executive Director

*Retiring on completion of the Longreach
Acquisition

Lead Manager

Indian Ocean Capital Pty Ltd
Level 1, 11 Mounts Bay Road
Perth, WA, 6000

Share registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, WA, 6153

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233
www.securitytransfer.com.au

Web address

www.exoma.net

ASX codes

EXE (Shares)
EXEO (Existing Listed Options)
EXEOA (proposed code for New Options)

Auditors

HLB Mann Judd
Level 2, 15 Rheola Street
West Perth, WA, 6005

Company secretary

Ian Richard Hobson

Registered office and principal place of business

Ground Floor
47 Stirling Highway
Nedlands, WA, 6009

Solicitors for the Offers

McKenzie Moncrieff Lawyers
Level 5, 37 St Georges Terrace
Perth WA 6000

1. Managing Director's letter

Dear Investor

As announced to the Australian Securities Exchange on 15 May 2009, Exoma Energy Limited (**Exoma** or the **Company**) entered into a conditional agreement with the Shareholders of Longreach Number 2 Pty Ltd (**Longreach**) to acquire 100% of Longreach and consequently also acquire the Galilee Gas Project. The project consists of five contiguous Authorities to Prospect (**ATPs**) in the highly prospective Galilee Basin in central Queensland in Australia. The Galilee Gas Project (ATPs 991, 996, 999, 1005 and 1008) covers an area of 26,840 km² (approximately 6.6 million acres) and is in the final stages of being transferred to Longreach, following grant of the ATPs to the Longreach Vendors by the Queensland Department of Mines and Energy.

Shareholders' approved the company's acquisition of the Galilee Gas Project and the associated \$2 million capital raising by way of a share placement at the General Meeting held on 27 July 2009.

The Board believes the double opportunity of 'conventional' Coal Seam Gas and 'unconventional' Shale Gas makes the large contiguous Galilee Gas Project a major growth opportunity for Exoma that has significant potential to deliver additional value to its Shareholders. The ATPs have potential to provide a major new source of energy for the Queensland economy and Asian export markets.

The Company plans to aggressively pursue an exploration programme with potential farmin partners over the next four years, to prove up economic gas resource areas within the ATPs which are of sufficient size to warrant early development. The initial development activities will be funded from the proposed share placement and existing cash reserves.

The potential risks and consequences associated with this investment are set out in detail in Section 5.

The Board recommends this opportunity for your consideration and looks forward to your participation in the share placement.

The Company takes this opportunity to thank you for considering this investment.

Yours sincerely



David Rowbottam
Managing Director

24 September 2009

2. Details of the Offers

2.1 The Placement Offer

The Company offers for subscription up to 40,000,000 New Shares at \$0.05 each to raise up to \$2,000,000.

One (1) free attaching New Option will be granted with every New Share issued.

The Placement Offer is made by way of placement to:

- (a) professional and sophisticated investors by arrangement with the Lead Manager; and
- (b) other clients of the Lead Manager;

The minimum subscription for the Placement Offer is \$2,000,000. The maximum amount that may be raised pursuant to the Placement Offer and this Prospectus is \$2,000,000.

The Placement Offer will be managed by Indian Ocean Capital, in consultation with the Board and pursuant to this Prospectus.

The Shares offered under this Prospectus will rank equally with the Existing Shares on issue.

2.2 Opening Date and Closing Date of Placement Offer

The Placement Offer will open for receipt of applications on 2 October 2009 (**Opening Date**) and will close at 5.00pm WST on 23 October 2009 (**Closing Date**), subject to the right of the Company to vary these dates.

Refer to page 1 of this Prospectus for other key dates.

The Company reserves the right to close the Placement Offer early or to extend the Closing Date.

2.3 Vendor Offer

This Prospectus also offers the Vendor Securities to the Longreach Vendors (**Vendor Offer**).

The Vendor Securities are offered and may be issued pursuant to the terms of the Longreach Share Purchase Deed.

The Vendor Offer is only made available to the Longreach Vendors.

2.4 Conditions of the Offers – Longreach Acquisition

None of the New Securities and the Vendor Securities offered by this Prospectus will be issued until such time as the Longreach Share Purchase Deed is unconditional and the Company is in a position to complete that agreement.

The Offers are also conditional on the conditions precedent to completion of the Longreach Acquisition under the Longreach Share Purchase Deed being satisfied. Refer to Section 6.1 for further details.

2.5 Rights and liabilities attaching to New Securities

The New Shares issued under this Prospectus will rank equally in all respects with Existing Shares on issue. A summary of the rights and liabilities attaching to the New Shares is set out in Section 8.1.

The terms of the New Options are set out in Section 8.2.

2.6 Applications for the Placement Offer

Applications for New Securities under the Placement Offer must be made using the Application Form.

Payment for the New Securities under the Placement Offer must be made in full at the issue price of \$0.05 per Share. Applications for New Securities under the Placement Offer must be for a minimum of 20,000 Shares and thereafter in multiples of 10,000 Shares.

Completed Application Forms and accompanying cheques must be mailed or delivered to:

By hand delivery:

Indian Ocean Capital Pty Ltd
Level 1, 11 Mounts Bay Rd
Perth, WA, 6000

By post:

Indian Ocean Capital Pty Ltd
GPO Box 5626
Perth, WA, 6001

Cheques should be made payable to "Exoma Energy Ltd placement proceeds account" and crossed "Not Negotiable". Completed Application Forms must reach one of the above addresses by no later than the Closing Date.

2.7 Application Monies

Application Monies received in respect of the Placement Offer will be held in trust for Applicants until allotment of New Securities.

The Company will be entitled to all interest paid or accrued on Application Monies. No interest will be paid on any Application Monies refunded to Applicants.

2.8 Allotment

No allotment of New Securities under the Placement Offer will occur until ASX grants permission to quote the New Securities.

The New Securities offered under the Offers are expected to be allotted by no later than 26 October 2009 subject to satisfaction of the conditions of the Longreach Acquisition. Statements of holding of New Securities will be mailed after allotment occurs.

Allotment of New Securities offered by this Prospectus will take place as soon as practicable after the Closing Date.

The Directors reserve the right to allot New Securities issued pursuant to the Placement Offer in full for any Application or to allot any lesser number or to decline any Application. Where the number of New Securities allotted pursuant to the Placement Offer is less than the number applied for, or where no allotment is made, the surplus Application Monies will be returned by cheque to the Applicant within seven (7) days of the allotment date.

2.9 Allocation of Shares under the Placement Offer

Subject to the allocation factors described below, the Company, in consultation with the Lead Manager, has an absolute discretion regarding the allocation of New Securities under the Placement Offer and may reject an Application or allocate fewer New Securities than applied for.

No Applicant under the Placement Offer has any assurance of being allocated all or any New Shares applied for (other than any firm allocation of New Securities offered by arrangement with the Lead Manager).

Allocation will be influenced by the following factors:

- the number of New Securities applied for;
- the overall level of demand under the Placement Offer;
- the desire for an appropriate spread of investors, including sophisticated investors; and
- the desire for an active market for trading Shares following the completion of the Offers.

In determining allocations under the Placement Offer, the Directors will seek to ensure the Company has a sufficient spread of Shareholders holding Marketable Parcels of Shares to ensure the Company complies with the listing requirements of ASX.

2.10 Minimum subscription

The minimum subscription to the Placement Offer is \$2,000,000.

If the minimum subscription to the Placement Offer has not been raised within four (4) months after the date of this Prospectus, all Applications will be dealt with in accordance with the Corporations Act.

2.11 ASX listing

Application for Official Quotation on ASX of the New Securities issued pursuant to this Prospectus will be made within seven (7) days after the date of this Prospectus.

If the New Securities offered pursuant to Offers are not admitted to Official Quotation within three (3) months after the date of this Prospectus, the Company will not allot or issue any New Securities and all Application Monies received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

The fact that ASX may agree to grant Official Quotation of the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities.

2.12 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who came into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the New Securities or otherwise permit a public offering of New Securities the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of the New Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

2.13 Placement Offer is managed but is not underwritten

The Placement Offer will be managed by the Lead Manager.

The Placement Offer is not underwritten.

2.14 Commissions on Application Forms

The Company reserves the right to pay a commission of 5% (exclusive of goods and services tax) of amounts subscribed to any holder of an Australian Financial Services Licence in respect of valid Applications to the Placement Offer lodged and accepted by the Company and bearing the stamp of the AFSL holder. Payments will be subject to the receipt of a proper tax invoice from the AFSL holder.

2.15 CHESS

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with ASX Listing Rules and ASTC Settlement Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Securities (**CHESS Statement** or **Holding Statement** or **Statement**).

If you are broker sponsored, ASTC will send you a CHESS Statement.

The CHESS Statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub-register, your Statement will be dispatched by the Company's share register and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHESS Statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a Statement at any other time, however a charge may be made for additional statements.

2.16 Risk factors

Prospective investors in the Company should be aware that subscribing for securities the subject of this Prospectus involves a number of risks. These risks are set out in Section 5 and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The key risks in connection with the Offers and the Longreach Acquisition that are specific to the Company include:

- **Exploration and development risk:** Exploration is by its nature risky, and there can be no guarantees that the Company's exploration programme for the Galilee Project will identify any resources or, if resources are discovered, that they can be commercially recovered.
- **Adequacy of capital:** While the Company considers it will have sufficient capital following the Offers to undertake the initial stage of the exploration programme for the Galilee Gas Project, the Company will require additional capital. There can also be no assurance that the Company will be able to raise such capital on favourable terms or at all. Any equity issued to raise capital may dilute existing Shareholders. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, and scale back its exploration programmes, as the case may be.
- **Key management:** The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.
- **Share market risk:** There are various risks associated with investing in any form of business and with investing in the stock market generally. The value of Shares will depend upon general stock market and economic conditions as well as the specific performance of the Company. There is no guarantee of profitability, dividends, return of capital, or the price at which the Shares and Options will trade on ASX after completion of the Longreach Acquisition.
- **Forward looking information:** Certain information in this Prospectus constitutes forward looking information that is subject to risks and uncertainties and a number of assumptions, which may cause the actual expenditure of the Company to be different from the expectations expressed or implied in this Prospectus.
- **Liquidity risk:** There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly, there is a risk that, should the market for Shares become illiquid, Shareholders will be unable to realise their investment in the Company.
- **General economic conditions:** Movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

The risk factors set out above and in Section 5, and other general risks applicable to all investments in listed securities not specifically referred to in this Prospectus, may in the future affect the value of the New Securities.

An investment in the Company should be considered speculative.

2.17 Privacy

If you apply for New Securities you will be providing personal information to the Company and the Share Registry. The Company and the Share Registry collect,

hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request, carry out appropriate administration and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

Collection, maintenance and disclosure of certain personal information are governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules of ASX. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Share Registry. You can request access to your personal information by writing to the Company through the Share Registry at:

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross
Western Australia 6153

2.18 Taxation implications

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for New Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of potential Applicants. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to potential Applicants in the Offers. Potential Applicants should, therefore, consult their own tax adviser in connection with the taxation implications of the Offers.

2.19 Enquiries

This Prospectus provides information for potential investors in the Company and should be read in its entirety. If after reading this Prospectus you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or financial advisor.

3. Company overview

3.1 Focus towards Australian based assets

In the first half of 2009, Exoma was focussed exclusively on securing Australian onshore oil and gas assets with potential to provide early cash flow and generate a strong return on investment.

The Company initially acquired a 100% interest in Exploration Permit (EP) 419 following the signing of an assignment agreement with Advent Energy Ltd on 13 February 2008.

The permit covers an area of about 635km² located on the north-eastern side of the Perth Basin, to the east of the Eneabba Fault system. EP 419 is a large, unexplored area located in a known hydrocarbon producing region and is situated between the Dongara and Woodada Gas Fields and is close to existing infrastructure.

On 15 May 2009, Exoma announced it had entered into a conditional agreement with a private company, Longreach, to acquire a 100% interest in the Galilee Gas Project in the highly prospective Galilee Basin in the Central Queensland region of Australia.

Exoma released the independent expert's technical report of the Galilee Gas Project on 18 June 2009, which confirmed the prospectivity of project's ATPs. The acquisition was subsequently approved by Shareholders at the General Meeting held on 27 July 2009.

Following Shareholder approval of the Longreach transaction, Exoma completed a strategic review and resolved to direct all Company resources to the Galilee Gas Project. Exoma is currently in negotiations with a farm-out partner for the EP 419 permit.

On completion of the Longreach Acquisition, the Company's activities will principally comprise the exploration and development of the Galilee Gas Project.

3.2 Background to acquisition of interest in the Galilee Gas Project

On 15 May 2009 Exoma announced to ASX that it had reached agreement to acquire a 100% interest in a gas project, containing five contiguous Authorities to Prospect (**ATP**) in the highly prospective Galilee Basin in central Queensland (**Galilee Gas Project**).

The acquisition of the interest in the Galilee Gas Project is proposed to be effected by Exoma acquiring 100% of the issued share capital of Longreach No. 2 Pty Ltd (**Longreach**), the company that at completion of the acquisition will hold 100% of the interest in the ATPs.

The Company entered into a share purchase deed on 14 May 2009 (**Share Purchase Deed**) with the shareholders of Longreach (**Longreach Vendors**) for acquisition by the Company of all shares in Longreach (**Longreach Acquisition**).

Completion of the Longreach Acquisition was subject to Shareholder approval and satisfaction of a number of other conditions, which have been satisfied save as noted below.

Shareholder approval of the Longreach Acquisition was obtained on 27 July 2009. A summary of the Resolutions passed by Shareholders at the General Meeting is set out in Section 8.9.

Completion of the transaction remains subject to the following key steps:

- (a) the transfer of the ATPs to Longreach; and
- (b) the transfer of all of the shares in Longreach by the Longreach Vendors to Exoma pursuant to the terms of the Longreach Share Purchase Deed.

The proposed Longreach Acquisition and associated Offers will constitute a significant change to the nature and scale of the Company's activities.

The issue of Vendor Securities and the Offers will significantly change the capital structure of the Company.

It is the view of the Board that the proposed Longreach Acquisition, issues of securities and change in the Company's principal activity will be for the benefit of the Company.

3.3 Details of the Galilee Gas Project

The Galilee Gas Project consists of five ATPs, namely ATP 991, 996, 999, 1005 and 1008. The ATPs were awarded to the Longreach Vendors on 1 September 2009. It is a condition to completion of the Longreach Acquisition that the ATPs are transferred to Longreach.

The Galilee Gas Project adjoins Galilee Energy's Rodney Creek CSG project, where AGL Energy agreed in July 2008 to spend A\$37 million to acquire a 50% equity stake in adjoining ATP 529. A technical evaluation of the available public data indicates that coals of potentially similar CSG character to those being appraised by the Rodney Creek and Crossmore pilot projects by AGL might be anticipated in four out of Longreach's five permits. A potential coal seam gas initially in place (CSGIIP) prospective resource of some 30 Tcf is targeted by Longreach's proposed CSG work programme.*

In addition, a study of the Toolebuc shale formation indicates a shallow shale gas prospective resource with potential of some 25 Tcf GIIP.*

Although Shale Gas is an as yet untried resource in Australia, these high gamma ray or 'hot' organic marine shales can have up to 18% of total organic content and are present across all five ATP's. While gas has always been recorded when drilling through the Toolebuc shale the commercialisation potential has not previously been realised due to a perceived lack of reservoir. The increasingly successful development and commercialisation of shale gas resources in the U.S. indicate that the technology may now exist that could convert this previously undeveloped resource into an economic gas resource.

The double opportunity of 'conventional' coal seam gas and 'unconventional' Shale Gas makes the large contiguous Galilee Gas Project potentially one of the most significant gas exploration projects in Australia.

This is major growth opportunity for Exoma to potentially create significant value for Shareholders and offers new investors outstanding exposure to one of the largest and most exciting gas exploration projects in Australia.

If either of these potential resources can be defined there could be significant downstream processing potential for both CSG and shale gas, including gas-fired

electricity generation, conversion to Liquefied Natural Gas (LNG), fertiliser production (urea and ammonia) and emerging gas-to liquids technologies.

The Company plans to aggressively pursue an exploration programme with potential farmin partners over the next four years, to prove up economic gas resource areas within the ATPs which are of sufficient size to warrant early development.

**The technical information contained in these sentences is based on information compiled by Norman Howard Dewhirst, who has more than 35 years experience in petroleum exploration. The potential GIIP resource estimates are conceptual in nature and additional work is required to report a contingent gas resource.*

3.4 Longreach No 2 Pty Ltd and identity of the Longreach Vendors

Longreach is a private company incorporated on 17 March 2009. Longreach has a total of 1,000,000 issued shares and 13 shareholders.

The Longreach Vendors comprise various private investors.

A number of the Longreach Vendors are associated with the Messrs Brian Barker, Norman Howard Dewhirst and Stephen Harrison. Shareholder approval for the issue of the Vendor Securities to these entities was obtained on 27 July 2009. Refer to Section 8.9 below for further details.

The identity of the Longreach Vendors and the percentages of the total Exoma securities to be issued to them under the terms of the Longreach Share Purchase Deed are set out in the Notice of Meeting.

It is a condition of completion of the Longreach Acquisition that Longreach holds the granted ATPs comprising the Galilee Gas Project.

3.5 Market prices of Existing Shares on ASX

A summary of sale prices of Existing Shares on ASX during the last twelve months until the last trading day on ASX immediately prior to the date of this Prospectus is set out below:

	Price (cents)	Date
Highest	28.0	2 and 8 September 2009
Lowest	1.6	16 February 2009
Last	26.0	23 September 2009

3.6 Proposed changes to the Directors of the Company

At or following completion of the Longreach Acquisition it is proposed that:

- (a) the Company's Chairman, Mr John Hopkins, will remain as non-executive Chairman;
- (b) the Company's Managing Director, Mr David Rowbottam, will resign his position as Managing Director, but will remain as an executive Director;
- (c) Mr Brendan Egan, a non-executive Director, will resign as a Director; and
- (d) three (3) nominees of the Longreach Vendors will be appointed to the Board.

3.7 Directors

At the date of this Prospectus, the Directors of the Company are:

David Paul Rowbottam, B. Bus, CPA

Managing Director

John David Hopkins, LLB, FAICD

Non Executive Chairman

Brendan Egan

Non Executive Director

Mr Egan intends to resign as a Director on completion of the Longreach Acquisition.

3.8 Senior management

At the date of this Prospectus, the senior management of the Company comprises the Managing Director, Mr David Rowbottam.

4. Purpose and effect of the Offers

4.1 Purpose of the Offers

The purpose of the Placement Offer is to provide the Company with the necessary funds to enable it to complete its planned fourth quarter of 2009 drilling programme

On completion of the Placement Offer, the Board believes the Company will have sufficient working capital to achieve this objective.

The purpose of the Vendor Offer is to provide the Longreach Vendors with the Vendor Securities pursuant to the terms of the Longreach Share Purchase Deed.

4.2 Use of proceeds

The Company proposes to raise up to \$2,000,000 through the Placement Offer, before deducting the expenses of the Offers.

If the total subscription of \$2,000,000 is raised from the Placement Offer, the funds, together with the \$3,000,000 cash on hand at 30 June 2009, are intended to be applied as follows:

Use of Proceeds	Amount \$
Drilling of Test Wells	1,500,000
Augment the Company's working capital	330,000
Costs of the Offers	170,000
Total	2,000,000

The information set out in the above table is a statement of present intention as at the date of this Prospectus. The exact amount of funds spent by the Company will depend on many factors that cannot be ascertained at this time.

4.3 Capital structure

The table below shows the capital structure of the Company in the event that all the securities approved at the General Meeting are issued (assuming that no Existing Options are exercised or other Shares issued before completion of the Longreach Acquisition):

Ordinary Shares	Number
Existing Shares on issue	73,976,250
New Shares to be issued under the Placement Offer	40,000,000
New Shares to be issued to the Longreach Vendors	113,976,250
Total Shares after Longreach Acquisition and Offers	227,952,500

Listed Options	
Existing Listed Options on issue ¹	73,976,250
New Options to be issued under the Placement Offer	40,000,000
New Options to be issued to the Longreach Vendors	113,976,250
Total Listed Options after Longreach Acquisition and Offers	227,952,500

Unlisted Options currently on issue²	2,050,000
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Performance Shares to be issued to Longreach Vendors	113,976,250
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Notes:

1. Exercisable at \$0.20 each on or before 31 March 2011 (quoted on ASX).
2. Exercisable at \$0.25 each on or before 31 December 2011 (not quoted on ASX).

4.4 Pro-forma balance sheet

The Directors have presented the audited consolidated balance sheet for the Company at 30 June 2009 and prepared a pro-forma consolidated balance sheet.

The pro-forma consolidated balance sheet has been derived from the audited annual financial statements of Exoma as at 30 June 2009 adjusted to reflect pro-forma assets and liabilities of Exoma as if completion of the Longreach Acquisition and the Placement Offer had occurred on 30 June 2009.

The following matters make up the pro-forma adjustments to the 30 June 2009 balance sheet:

- the acquisition of all of the issued securities of Longreach. The acquisition has been accounted for in accordance with AASB 2 *Share Based Payment* and the measurement has been determined at the fair value of the underlying assets received;
- the issue of the Vendor Shares, Vendor Options and the Performance Shares to the Longreach Vendors under the Longreach Share Purchase Deed. The estimated value was determined based on the fair values of the assets acquired at the initial agreement date and not the fair value of the equity instruments;
- the issue of 40,000,000 Shares at \$0.05 each (with one free attaching Option), thereby raising \$2,000,000 of capital pursuant to the Prospectus; and
- estimated costs of the Offers capital raising of \$170,000.

	Audited Consolidated Balance Sheet at 30 June 2009	Unaudited Pro Forma Consolidated Balance Sheet at 30 June 2009
Current Assets		
Cash at bank	3,227,223	5,057,223
Accounts receivable	239,966	239,966
Other Financial Assets	98,365	98,365
Total Current Assets	<u>3,565,554</u>	<u>5,395,554</u>
Non-current Assets		
Trade and other receivables	17,912	17,912
Property plant and equipment	40,620	40,620
Deferred exploration expenditure	6,817	2,481,817
Total Non- Current Assets	<u>65,349</u>	<u>2,540,349</u>
Total Assets	<u>3,630,903</u>	<u>7,935,903</u>
Liabilities		
Accounts payable	282,811	282,811
Total liabilities	<u>282,811</u>	<u>282,811</u>
Net Assets	<u>3,348,092</u>	<u>7,653,092</u>
Equity		
Share Capital	9,021,149	13,326,149
Translation Reserve	959,078	959,078
Option Reserve	51,698	51,698
Accumulated losses	(6,683,833)	(6,683,833)
	<u>3,348,092</u>	<u>7,653,092</u>

*The ATPs have been valued at the fair value at the time the Longreach Acquisition was contemplated and this is supported by an independent valuation. The final value will be determined by the Directors determination of the carrying value.

The accounting treatment for the transaction is based on the Directors' interpretation of Australian accounting pronouncements currently on issue. In the event that new or revised Australian Accounting Standards or Interpretations or other applicable pronouncements are issued in future, this may alter the accounting treatment adopted in future financial statements.

The accounting treatment will be subject to a review by the Auditors, during the next half year review.

5. Investment risks

5.1 Introduction

The business activities of the Company are subject to risks that may impact on its future performance. There can be no guarantee that the Company will achieve its stated objectives.

An investment in the Company should be considered speculative due to the nature of the Company's business and the present stage of its development. Set out below is a non-exhaustive list of some of the risk factors that may face the Company. Some of these risk factors can be mitigated by the use of safeguards and appropriate systems and actions, but many are outside the control of the Company and cannot be mitigated. A prospective investor should carefully consider the risk factors set out below.

5.2 Risks relating to the Company

There are also a number of specific risks associated with the Company which may adversely affect the Company's financial position, prospects and price of its listed securities.

In particular, the Company is subject to risks relating to the exploration, drilling and production of oil and gas which are not generally associated with other businesses.

- (a) **Exploration and production:** Following completion of the Longreach Acquisition the Company's principal activities will comprise exploration for and appraisal of petroleum resources in Australia, as well as planned future production. The inherent risks directly affecting exploration and production may include unsuccessful or uneconomic identification of resources due to unexpected geological or drilling conditions and depletion of resources, which may impact on the Company's performance. Furthermore, the Company's exploration and planned production may be indirectly affected by commodity prices, exchange rates, mechanical failures and breakdowns, poor management and poor weather conditions.
- (b) **Government regulation:** There are risks associated with obtaining grants of regulatory permits, including prevention or restriction of access by reasons of inability to obtain consents or approvals. There are also risks of material adverse changes in governmental policies or legislation affecting the oil and gas industry, and, in particular, the Company's operations.
- (c) **Environmental:** The gas industry has become subject to increasing environmental regulatory requirements. The Company may, from time to time, be required to comply with such regulations, which includes obtaining environmental approvals, for its exploration and planned production operations to continue. Any delays or failures in obtaining such approvals may adversely impact on the economic performance of the Company's operations.
- (d) **Drilling:** Drilling activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical failure, shortages or delays in the delivery of rigs and/or other equipment. While drilling may encounter gas, it may not result in wells that achieve commercially viable results. The size of the deposit, extraction costs and recovery rates are key factors in determining commercial viability.

- (e) **Operations:** Exploration and potential future production activities may be affected by unforeseen operational failures and technical difficulties and breakdowns and repairs may be required to various plant and equipment, resulting in significant delays. Poor weather conditions over a prolonged period of time may also adversely affect the Company's operating performance, and thus, the value of the Company's Shares. Industrial and environmental accidents, industrial disputes and force majeure events may also affect the Company's operations. Additional operational risks inherent in the oil and gas industry may include failure to locate or identify oil and gas deposits, failure to achieve estimated resources in exploration and unexpected shortages or increase in the cost of consumables, spare parts, plant and equipment, development drilling, facilities construction or increases in engineering and other consulting fees.
- (f) **Share price movements:** If the market price of Shares increases or decreases, either during the period between the date of this Prospectus and the issue of the New Shares or after the issue of New Shares, the market value of the New Shares issued pursuant to this Prospectus will increase or decrease accordingly. The market value of New Shares at the time that they are received by you may vary significantly from the market value of Shares on the date on which you submit an Application Form. The market price of Shares may also be affected by decisions and actions of the Company. For example, the issue of New Shares under this Prospectus is likely to have a negative effect on the price of Shares traded on ASX.
- (g) **Commodity price fluctuations:** Commodity prices fluctuate in response to the economic climate and market forces of supply and demand. The fluctuations in prices may adversely impact on the Company's exploration, planned production and future development, consequently affecting the value of the Shares.
- (h) **Commercialisation:** Even if the Company recovers commercial quantities of gas, there is no guarantee that the Company will be able to successfully transport the gas to commercially viable markets or sell the gas to customers to achieve a commercial return.
- (i) **Production licence:** Before production can commence in respect of any gas well, it is necessary for a production licence to be granted.
- (j) **Future funding:** The ATPs are granted on terms that require a total expenditure commitment of \$47 million over the next four years, accordingly, additional funding may be required for further exploration, appraisal and development of the Company's exploration permits in the form of debt or equity, or a combination of both. While the Company is confident that it will be able to obtain any necessary additional funding on commercially acceptable terms, there can be no assurance the company will be able to secure any such additional finance on commercially acceptable terms, or at all. Any additional equity raising may dilute the holding of Shareholders. Any failure or delay in obtaining additional finance (when required) may have material adverse effect on the profitability of the Company. If the Company is unable to obtain additional financing when required and on acceptable terms, it may be required to reduce the scope of its operations or forced to hold off on any planned expansions.
- (k) **Unsuccessful exploration:** Exploration of the Company's permits may be unsuccessful, resulting in a reduction in the value of those permits,

diminution in the cash reserves of the Company and possible dilution of the Company's interests in or relinquishment of the permits.

- (l) **Contractors:** The contractors and consultants engaged by the Company may experience insolvency or other managerial failure leading to further cost and delay as the Company appoints alternative contractors.
- (m) **Resource estimates:** Resource estimates are expressions of judgment based on knowledge, experience and industry practice. There are numerous uncertainties inherent in estimating quantities of gas resources. Where actual resources vary from estimated resources the Company's performance and thus, share price, may be adversely affected. Furthermore, the Company and its advisers have had to make a number of assumptions in the estimates and calculations they have conducted to date. If any of these assumptions is incorrect, whether positive or negative, this will have an effect on the estimates and calculations which have been projected.
- (n) **Renewal of permits:** The renewal of permits by the Joint Authority may not occur if the Joint Authority forms the view that the Company has failed to comply with the permit conditions and/or regulations.

5.3 General risks

Risk factors which may affect the Company and its business in general include:

- (a) **General investment risks:** There are general risks associated with any investment and the share market. The price of Shares may rise or fall depending upon a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. Movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, commodity supply and demand, government taxation and royalties, legislation and other policy changes may affect the stock market generally and the market for the Company's Shares in particular.
- (b) **Possible volatility of share price:** The price of the Shares may also be affected by a range of factors including the Company's financial performance and by changes in the business environment in which the Company operates. The value of the Shares can increase or decrease. Economic factors such as changes in interest rates, exchange rates, inflation rates, tax rates and governmental regulation; industry factors such as the development of new and competing resources and products by the Company's competitors; changing commodity supply and demand and commercial factors such as the loss of key staff, can also affect the value of the Shares. Similarly the level of dividends paid on shares could rise or fall.
- (c) **General economic risks and business climate:** Share market conditions could affect the price of the Company's Shares regardless of operating performance. Share market conditions are affected by many factors such as:
 - (i) movements on international stock markets;
 - (ii) general economic outlook;
 - (iii) movements in or outlook for interest rates and inflation rates;

- (iv) currency fluctuations;
 - (v) oil and gas commodity prices and trends in the oil and gas industry;
 - (vi) changes in investor sentiment towards particular market sectors;
 - (vii) actual or anticipated variations in the Company's exploration results;
 - (viii) the demand and supply for capital;
 - (ix) taxation legislation;
 - (x) the sale of Shares of the Company in the open market in terms of volume and price fluctuation;
 - (xi) domestic and international economic and political conditions; and
 - (xii) war, terrorism or other global hostilities and tensions.
- (d) **Taxation:** There may be tax implications arising from the Application for Shares, the receipt of dividends (both franked and unfranked) from the Company, participation in any on-market Share buy-back and on the disposal of Shares.
- (e) **Key personnel and management:** The Company's success is closely linked to the ability of the Company to recruit and train high quality personnel with experience in the petroleum industry and management.

6. Material contracts

6.1 Summary of key terms of Longreach Share Purchase Deed

A summary of the material terms of the Share Purchase Deed for Exoma's acquisition of all of the shares in Longreach is set out below.

Exoma has agreed to acquire all of the shares in Longreach in consideration for the issue to the Longreach Vendors of:

- (a) that number of Shares equal to the number of Shares on issue following completion of the proposed Placement Offer of 40 million Shares pursuant to Resolution 2 (**Vendor Shares**); the Directors anticipate Exoma issuing 113,976,250 Vendor Shares assuming no existing options are exercised;
- (b) that number of Options equal to the number of Vendor Shares issued (i.e. one attaching Option for every Vendor Share issued), exercisable at \$0.10 each within 3 years of their date of grant on the terms set out in Section 8.2 (**Vendor Options**);
- (c) that number of convertible shares to the number of Vendor Shares issued, on the terms summarised in Section 8.3 (**Performance Shares**).

The transaction was subject to satisfaction of a number of conditions precedent, including Shareholder approval, which occurred on 27 July 2009. As at the date of this Prospectus, completion of the Longreach Acquisition is subject to the following conditions:

- (a) the transfer to Longreach of the ATPs; and
- (b) Exoma having cash of \$5,000,000 and liabilities not exceeding \$250,000; the Directors expect this condition will be satisfied or deemed to be satisfied on completion of the Offers.

If required by the Longreach Vendors, Exoma will provide a secured loan for the payment of environmental bonds necessary for the grant of the project permits (anticipated to be an amount of approximately \$600,000).

The Longreach Share Purchase Deed contains various representations and warranties given by both the Longreach Vendors and by Exoma which are considered not unusual for an agreement of this nature.

Pending completion of the Longreach Acquisition, Exoma must conduct its business in the ordinary course, must ensure there are no sales or distributions of assets without the consent of the Longreach Vendors and must not issue or agree to issue securities other than as contemplated by the Share Purchase Deed.

On completion of the Longreach Acquisition, Longreach will become a wholly owned subsidiary of Exoma.

7. Continuous disclosure documents

7.1 Continuous disclosure obligations

This is a Prospectus for the offer of continuously quoted securities (as defined in the Corporations Act) of the Company and is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering Prospectus.

The Company is a “disclosing entity” for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the ASX Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain exceptions.

7.2 Documents available for inspection

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

Copies of documents lodged with ASX, in relation to the Company, may be obtained from the Company's website at www.exoma.net.

The Company will provide a copy of each of the following documents, free of charge, to any person on request from the date of this Prospectus until the Closing Date:

- (a) the annual financial report of the Company for the six month financial period ended 30 June 2009, being the annual financial report of the Company most recently lodged with the ASIC following the change in financial year end and released at the date of issue of this Prospectus;
- (b) the annual financial report of the Company for the year ended 31 December 2008, being the annual financial report of the Company lodged with the ASIC; and
- (c) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (a) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has not lodged any announcements with ASX since the lodgement of the Company's 2009 Annual Financial Statement on 8 September 2009.

8. Additional information

8.1 Rights and liabilities attaching to Shares

The New Shares issued under this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the Existing Shares.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the Shares. Full details of the rights and liabilities attaching to the Shares are contained in the Constitution of the Company and in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules, the ASTC Settlement Rules and the common law. The Company's Constitution is available for inspection free of charge at the Company's registered office.

(a) **Share capital**

All issued ordinary fully paid shares rank equally in all respects.

(b) **Voting rights**

At a general meeting of the Company, every holder of Shares present in person, by an attorney, representative or proxy has one (1) vote on a show of hands and on a poll, one (1) vote for each Share held, and for every contributing Share held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing Share. Where there is an equality of votes, the chairperson has a casting vote.

(c) **Dividend rights**

Subject to the rights of persons entitled of shares with special rights to dividend (at present there are none), all dividends as declared by the Directors shall be payable on all Shares in proportion to the amount of capital paid (not credited as paid) on the shares.

Dividends are payable only out of the profits of the Company as determined by the Directors which shall be conclusive. The Directors may, before declaring any dividend, set aside out of the profits of the Company such amounts as they may determine as reserves.

(d) **Rights on winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Transfer of Shares**

Shares in the Company may be transferred by such means in accordance with the Company's Constitution, the Corporations Act, ASX Listing Rules and ASTC Settlement Rules.

The Directors may refuse to register a transfer of Shares only in those circumstances permitted by the Company's Constitution, the ASX Listing Rules and ASTC Settlement Rules.

(f) **Further increases in capital**

Subject to the Company's Constitution, the Corporations Act and ASX Listing Rules, Shares in the Company are under the control of the Directors, who may allot or dispose of all or any of the Shares to such persons, and on such terms, as the Directors determine.

Subject to ASX Listing Rules, the Directors have the right to grant options or other securities with rights of conversion to Shares or pre-emptive rights to any Shares, to any person, for any consideration and for any stock.

(g) **Variation of rights attaching to Shares**

The rights attaching to the Shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of the holders of those Shares of that class, or in certain circumstances, with the written consent of the holders of at least seventy-five percent (75%) of the issued Shares of that class.

(h) **General meeting**

Each holder of Shares will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

8.2 **Terms of New Options and Vendor Options**

The New Options issued pursuant to this Prospectus, including the Vendor Options to be issued to the Longreach Vendors pursuant to the Longreach Share Purchase Deed, will be issued on the terms and conditions set out below:

- (a) Each option entitles the holder (Optionholder) to subscribe for one (1) fully paid ordinary Share in the Company (Option).
- (b) No amount is payable on grant of the Options.
- (c) The exercise price of each Option is \$0.10.
- (d) Each Option may be exercised at any time before 5.00pm Perth, Western Australia local time on 30 September 2012 (**Expiry Date**). Any Option not exercised by the Expiry Date will automatically expire.
- (e) The Company must give the Option Holder a certificate or Holding Statement stating:
 - (i) the number of Options issued to the Option Holder;
 - (ii) the exercise price of the Options; and

- (iii) the date of issue of the Options.
- (f) The Options are transferable. Subject to the ASX Listing Rules and the Corporations Act, the Option Holder may transfer some or all of the Options at any time before the Expiry Date by:
 - (i) a proper ASTC transfer or any other method permitted by the Corporations Act; or
 - (ii) a prescribed instrument of transfer.
- (g) An instrument of transfer of an Option must be: in writing; in any usual form or in any other form approved by the Directors that is otherwise permitted by law; subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and delivered to the Company, at the place where the Company's register of Option Holders is kept, together with the certificate (if any) of the Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Option, the right of the transferor to transfer that Option and the proper execution of the instrument of transfer.
- (h) The Company will apply to ASX for Official Quotation of the Options.
- (i) The Company will apply to ASX for Official Quotation of the Shares issued on exercise of Options.
- (j) The Option Holder is not entitled to participate in any new issue to existing shareholders of securities in the Company unless they have exercised their Options before the Record Date for determining entitlements to the new issue of securities and participate as a result of holding Shares. The Company must give the Option Holder notice of the proposed terms of the issue or offer in accordance with ASX Listing Rules.
- (k) If the Company makes a bonus issue of Shares or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the Record Date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Option before the Record Date for determining entitlements to the issue.
- (l) If the Company makes a pro-rata issue of Shares (except a bonus issue) to existing shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the Record Date for determining entitlements to the issue, the exercise price of each Option is reduced in accordance with Listing Rule 6.22.2.
- (m) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Options to which the Option Holder is entitled to and the exercise price) is changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (n) Any calculations or adjustments which are required to be made will be made by the Company's board of Directors and will, in the absence of

manifest error, be final and conclusive and binding on the Company and the Option Holder.

- (o) The Company must, within a reasonable period, give to the Option Holder notice of any change to the exercise price of any Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of an Option.
- (p) To exercise Options, the Option Holder must give the Company or its share registry, at the same time:
 - (i) a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of Options being exercised and Shares to be issued;
 - (ii) payment of the exercise price for the Shares, the subject of the exercise notice, by way of bank cheque or by other means of payment approved by the Company; and
 - (iii) any certificate for the Options.
- (q) The Option Holder may only exercise Options in multiples of 5000 Options unless the Option Holder exercises all Options held by the Option Holder.
- (r) Options will be deemed to have been exercised on the date the exercise notice is lodged with the Directors of the Company.
- (s) If the Option Holder exercises less than the total number of Options registered in the Option Holder's name:
 - (i) the Option Holder must surrender their Option certificate (if any); and
 - (ii) the Company must cancel the Option certificate (if any) and issue the Option Holder a new Option certificate or Holding Statement stating the remaining number of Options held by the Option Holder.
- (t) Within ten (10) days after receiving an application for exercise of Options and payment by the Option Holder of the exercise price, the Company must issue the Option Holder the number of Shares specified in the application.
- (u) Subject to the Company's Constitution, all Shares issued on the exercise of Options will rank in all respects (including rights relating to dividends) *pari passu* with the existing ordinary shares of the Company at the date of issue.
- (v) These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

8.3 Terms of Performance Shares

The Performance Shares will be issued in 3 tranches on the terms and conditions as set out in Schedule 1 to this Prospectus.

A summary of the key terms of the Performance Shares is set out below.

The Performance Shares will automatically convert to Shares if a relevant milestone condition is satisfied by the relevant milestone date. If the milestone condition is not satisfied by the relevant milestone date, that tranche of Performance Shares will convert into one single Share.

Tranche	Milestone Condition	Milestone Date
Tranche 1 One third of total Performance Shares	Exoma entering into one or more farmin agreements under which the farminee(s) have an obligation to spend at least \$20 million on exploration for the development of the ATPs*. OR The volume weighted average price of Shares quoted on ASX (VWAP price) for any 20 consecutive trading days being at least 40 cents.	30 months from date of issue of Performance Shares.
Tranche 2 One third of total Performance Shares	Certification by an independent expert that the ATPs contain contingent resources of at least 200 Bcf of gas. OR The VWAP price being at least 50 cents for any 20 consecutive trading days.	42 months from date of issue of Performance Shares.
Tranche 3 One third of total Performance Shares	Certification by an independent expert that the ATPs contain contingent resources of at least 1 Tcf of gas. OR The VWAP price being at least 60 cents for any 20 consecutive trading days.	60 months from date of issue of Performance Shares.

*Tranche 1 Performance Shares will also be converted in a pro rata amount if Exoma enters into farmin agreements where either one or more third parties have an obligation to spend between \$10 million and \$20 million on exploration for the development of the ATPs or the farmin agreement incorporates a private offer of Exoma shares to raise between \$10 million and \$20 million.

The Performance Shares will also automatically convert to Shares if Exoma is subject to either:

- (a) a takeover bid and the bidder has achieved acceptances in respect of 50.1% of Shares and if the bid becomes unconditional; or
- (b) a scheme of arrangement for the transfer or cancellation of all Shares is approved by the necessary majority of Shareholders and the Court.

8.4 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

8.5 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director nor any entity in which such a Director or is a partner or director, has or has had in the two years before the date of this Prospectus, any interest in:

- (a) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (b) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any Director or to any entity in which such a Director is a partner or director, either to induce him to become, or to qualify as, a Director or otherwise for services rendered by him or by the entity in connection with the formation or promotion of the Company or the Offers.

8.6 Existing security holding interests of Directors

At the date of this Prospectus the relevant interest of each of the Directors in the Existing Shares and Options of the Company are as follows:

Director	Shares	Existing Listed Options ¹	Existing Unlisted Options ²
John Hopkins	400,000	400,000	1,000,000
David Rowbottam	4,000,000	4,000,000	400,000
Brendan Egan	3,336,000	3,268,499	100,000

Notes:

1. Exercisable at \$0.20 each on or before 31 March 2011 (quoted on ASX).
2. Exercisable at \$0.25 each on or before 31 December 2011 (not quoted on ASX).

8.7 Remuneration of Directors

The Constitution of the Company provides that the Directors may be paid for their services as Directors.

The Constitution provides that non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum set by Shareholders in general meeting. The aggregate maximum is presently set at \$300,000.

Details of the remuneration payable to the Managing Director are set out in the Directors' Report in the Company's 2009 Annual Financial Statements.

A Director may be paid fees or other amounts as the Directors determine, where a Director performs duties or provides services outside the scope of their normal duties. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

8.8 Directors' indemnity, insurance and access deeds

The Company has entered into deeds of indemnity, insurance and access with each Director.

Under the deeds the Company has undertaken, subject to the restrictions in the Corporations Act, to:

- (a) indemnify each Director and officer in certain circumstances;

- (b) maintain directors' and officers' insurance cover (if available) in favour of each Director whilst a Director and for 7 years after the Director or officer has ceased to be a Director;
- (c) cease to maintain directors' and officers' insurance cover in favour of each Director if the Company reasonably determines that the type of coverage is no longer available. If the Company ceases to maintain directors' and officers' insurance cover in favour of each Director then the Company must notify each Director of that event; and
- (d) provide access to any Company records which are relevant to the Director's holding of office with the Company, for a period of 7 years after the Director has ceased to be a Director.

8.9 Shareholder approval of the Offers

At the General Meeting held on 27 July 2009 the Shareholders granted approval for the Company on the following Resolutions.

Resolution 1 (an ordinary resolution): approval was granted for the Company to make a significant change in the nature and scale of its activities by the acquisition of all of the shares in Longreach in accordance with the terms of the Longreach Share Purchase Deed.

Resolution 2 (a special resolution): approval was granted for the issue of a new type of share, being a convertible share on the terms and conditions set out in Section 8.3 (Performance Share).

Resolution 3 (an ordinary resolution): approval was granted, for the purposes of ASX Listing Rule 7.1 and for all other purposes, for the Company to allot and issue that number of Vendor Securities, in consideration for the acquisition of all the shares in Longreach.

Resolution 4 (an ordinary resolution): approval was granted for the Company to allot and issue up to:

- (a) 40,000,000 Shares with an issue price of A\$0.05 each per share (each a **New Share**) to raise A\$2 million; and
- (b) for every one New Share issued, one free attaching Exoma Option exercisable at A\$0.10 each within three years on the terms and conditions set out in Section 8.2 (each an **Offer Option**),

Resolutions 1 to 4 were inter-dependent and the Offers and Longreach Acquisition were dependent on each such Resolution being passed.

8.10 Expenses of the Offers

In the event that the Placement Offer is fully subscribed, the estimated expenses payable by the Company in respect of costs associated with this Prospectus and the Offers, including offer management, legal, accounting, corporate advisory, expert's fees, printing, ASIC and ASX fees and other costs will be approximately \$170,000.

8.11 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do

not have, and have not had in the two (2) years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offers.

Indian Ocean Capital is acting as Lead Manager to the Placement Offer and will be entitled to receive an Offer fee of 5% plus GST of the total amount raised pursuant to this Prospectus together with the re-imbursment of costs. Indian Ocean Capital has acted as adviser, Lead Manager and underwriter to previous capital raisings by the Company and has been paid a total of \$568,687 (plus GST) for its services provided to the Company in the period two (2) years prior to the date of this Prospectus.

McKenzie Moncrieff Lawyers has acted as solicitors to the Company in relation to the Offers and legal due diligence enquiries in respect of the Company and is entitled to be paid up to \$25,000 (plus GST) in respect of these services. In addition, McKenzie Moncrieff Lawyers has been paid or is entitled to be paid approximately \$65,000 (plus GST) for legal services provided to the Company in the period two (2) years prior to the date of this Prospectus.

HLB Mann Judd acts as auditor of the Company and has been paid \$35,300 (plus GST) for the provision of professional services in relation to the auditing of the financial statements of the Company and other professional services in the period two (2) years prior to the date of this Prospectus.

8.12 Consents and liability statements

Indian Ocean Capital has given and has not, before lodgement of this Prospectus with the ASIC, withdrawn its consent to be named in this Prospectus as lead manager to the Company in the form and context in which it is named.

McKenzie Moncrieff Lawyers has given and has not, before lodgement of this Prospectus with the ASIC, withdrawn its consent to be named in this Prospectus as solicitor to the Company in the form and context in which it is named.

HLB Mann Judd has given and has not, before lodgement of this Prospectus with the ASIC, withdrawn its consent to:

- (a) be named in this Prospectus as Auditor to the Company in the form and context in which it is named; and
- (b) to the inclusion in this Prospectus by reference of the audited financial information contained in this Prospectus for the period ended 30 June 2009.

Security Transfer Registrars Pty Ltd has given and has not, before lodgement of this Prospectus with the ASIC, withdrawn its consent to be named in this Prospectus as the Company's share registry in the form and context in which it is named.

Norman Howard Dewhirst has consented to the statement appearing at the end of Section 3.3 and the inclusion of the technical information based on information compiled by him in the sentences in Section 3.3 marked with an asterisk.

Each of Indian Ocean Capital, McKenzie Moncrieff Lawyers, HLB Mann Judd and Norman Howard Dewhirst:

- (a) did not authorise or cause the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this Section; and
- (c) to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this Section.

9. Directors' statement

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board by:

A handwritten signature in black ink, appearing to read "D Rowbottam".

David Rowbottam
Managing Director

24 September 2009

10. Glossary

Applicant	A person who applies for Shares in accordance with this Prospectus.
Application	An application for the New Securities under this Prospectus.
Application Form	The application form accompanying this Prospectus.
Application Monies	The monies payable by Applicants to the Placement Offer.
AFSL	Australian Financial Services Licence issued pursuant to the Corporations Act.
ASIC	Australian Securities and Investments Commission.
ASTC	ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).
ASTC Settlement Rules	The settlement rules of ASTC.
ASX	The Australian Securities Exchange operated by ASX Limited ABN 98 008 624 691.
ASX Listing Rules	The official Listing Rules of ASX.
ATO	Australian Taxation Office.
ATP	The Authorities to Prospect located in the Galilee Basin, Queensland granted and identified as ATP 991, 996, 999, 1005 and 1008.
Bcf	Billion cubic feet.
Board	The board of directors of the Company as at the date of this Prospectus.
CHESS	Clearing House Electronic Sub-register System operated by ASTC.
CHESS Statement or Holding Statement	A statement of shares registered in a CHESS account.
Closing Date	The closing date of the Placement Offer as set out in Section 2.2.
Company	Exoma Energy Limited ABN 56 125 943 240.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of the Company as at the date of this Prospectus.
EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
Existing Listed Options	Options exercisable at \$0.20 each on or before 31 March 2011 quoted on ASX (ASX code: EXEO).
Existing Options	An Option on issue on the date of this Prospectus.
Existing Share	A Share on issue on the date of this Prospectus.

Existing Shareholder	A holder of an Existing Share.
Existing Unlisted Options	2,050,000 Options exercisable at \$0.25 each on or before 31 December 2011.
Exoma	Exoma Energy Limited ABN 56 125 943 240.
Exposure Period	The period during which the Company cannot process Applications as described in section 727(3) of the Corporations Act.
FY	Financial year. For example, FY09 means the financial year ending 30 June 2009.
Galilee Gas Project	The gas project, containing five contiguous ATP's in the highly prospective Galilee Basin in central Queensland.
GIIP	Gas initially in place.
General Meeting	The general meeting of the Company's Shareholders held on 27 July 2009 to approve, among other things, the Offers.
GST	Goods and services tax.
Indian Ocean Capital	Indian Ocean Capital Pty Ltd ABN 98 051 227 877
Joint Authority	The Department for Mines and Energy, Queensland acting under the authority of the Minister responsible for administering the <i>Petroleum and Gas (Production and Safety) Act 2004</i> (Qld).
Lead Manager	Indian Ocean Capital Pty Ltd ABN 98 051 227 877.
Longreach	Longreach Number 2 Pty Ltd ABN 55 135 893 793.
Longreach Acquisition	The proposed purchase of all of the shares in Longreach from the Longreach Vendors in accordance with the terms of the Longreach Share Purchase Deed.
Longreach Share Purchase Deed or Share Purchase Deed	A share purchase deed entered into by Exoma and the Longreach Vendors dated 14 May 2009 under which Exoma has agreed to acquire 100% of the issued share capital of Longreach from the Longreach Vendors.
Longreach Vendors	The shareholders of Longreach identified in Section 3.4 and Longreach Vendor means any one of them.
Managing Director	The Company's managing director, Mr David Rowbottam.
New Options	An Option that may be issued under this Prospectus on the terms and conditions set out in Section 8.2.
New Securities	The New Shares and New Options issued under this Prospectus.
New Shares	The Shares that may be issued under this Prospectus.
Notice of Meeting	The notice of meeting dated 18 June 2009 in respect of general meeting of Shareholders held on 27 July 2009.
Offers	Either the Placement Offer or the Vendor Offer under this Prospectus, or both as the case may require.
Offer Period	The period commencing on the Opening Date and ending on the Closing Date.

Official Quotation	Quotation on ASX.
Option	An option to subscribe for a Share.
Option Holder	The holder of an Option.
Performance Share	A convertible share proposed to be issued to the Longreach Vendors on the terms and conditions set out in Schedule 1 of this Prospectus and pursuant to the terms of the Longreach Share Purchase Deed.
Placement Offer	The offer of New Securities under this Prospectus as described in Section 2.1.
Prospectus	This prospectus dated 24 September 2009, including any electronic or online version of this prospectus.
Resolutions	The resolutions contained in the Notice of Meeting and summarised at Section 8.9 of this Prospectus and Resolution means any one of them.
Section	A section of this Prospectus.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	The holder of a Share.
Statement	A CHESS Statement or Holding Statement.
Tcf	Trillion cubic feet - where a 'trillion' means 1000 million.
U.S.	United States of America.
Vendor Offer	The offer of Vendor Securities under this Prospectus as described in Section 2.3 to be issued pursuant to the terms of the Longreach Share Purchase Deed.
Vendor Option	An Option to be granted to the Longreach Vendors on the terms and conditions set out in Section 8.2 and pursuant to the terms of the Longreach Share Purchase Deed.
Vendor Share	A Share to be issued to the Longreach Vendors pursuant to the terms of the Longreach Share Purchase Deed.
Vendor Securities	The Vendors Shares, Vendor Options and Performance Shares to be issued to the Longreach Vendors pursuant to the terms of the Longreach Share Purchase Deed.
WST	Western Australian Standard Time.

Schedule 1 – Terms and conditions of Performance Shares

The Performance Shares to be issued pursuant to the Longreach Share Purchase Deed will be issued on the following terms and conditions.

1. In this Schedule:
 - (a) **40 Cents Milestone** means the volume weighted average share price of the Exoma Shares quoted on ASX for any 20 consecutive days on which Exoma Shares trade being at least 40 cents;
 - (b) **50 Cents Milestone** means the volume weighted average share price of the Exoma Shares quoted on ASX for any 20 consecutive days on which Exoma Shares trade being at least 50 cents;
 - (c) **60 Cents Milestone** means volume weighted average share price of the Exoma Shares quoted on ASX for any 20 consecutive days on which Exoma Shares trade being at least 60 cents;
 - (d) **200 Bcf Milestone** means the occurrence that the Company receives certification by an Independent Expert that the ATPs contain contingent resources of at least 200Bcf of gas calculated in accordance with the guidelines of the Society of Petroleum Engineers;
 - (e) **1 Tcf Milestone** means the occurrence that the Company receives certification by an Independent Expert that the ATPs contain contingent resources of at least 1Tcf of gas calculated in accordance with the guidelines of the Society of Petroleum Engineers;
 - (f) **Change in Control Event** means:
 - (i) the occurrence of:
 - (A) the offeror under a takeover offer in respect of all Exoma Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Exoma Shares; and
 - (B) that takeover bid has become unconditional; or
 - (ii) the announcement by the Purchaser that:
 - (A) shareholders of the Purchaser have, at a Court convened meeting of shareholders, voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Exoma Shares are to be either cancelled or transferred to a third party; and
 - (B) the Court, by order, approves the proposed scheme of arrangement;
 - (g) **Company** means Exoma Energy Limited ACN 125 943 240;
 - (h) **Director** means a director of the Company;
 - (i) **Expiry Date** means:
 - (i) in relation to each Tranche 1 Performance Share, the date 30 months from the date of issue of the Performance Share;

- (ii) in relation to each Tranche 2 Performance Share, the date 42 months from the date of issue of the Performance Share; and
 - (iii) in relation to each Tranche 3 Performance Share, the date 60 months from the date of issue of the Performance Share.
- (j) **Exoma Share** means a fully paid ordinary share in the capital of the Company.
- (k) **Farmin Agreement Milestone** means the Company entering into one or more binding farmin agreements with one or more third parties under which the farminees' have an obligation to spend not less than \$20,000,000 in aggregate on exploration programs for the development of the ATPs.
- (l) **Independent Expert** means an independent person who is considered an expert in the field of coal seam methane and shale gas (as applicable) by the guidelines of the Society of Petroleum Engineers;
- (m) **Performance Share** means all or any of a Tranche 1 Performance Share, Tranche 2 Performance Share or Tranche 3 Performance Share, as applicable;
- (n) **Performance Shareholder** means the holder of a Performance Share;
- (o) **Private Offer Milestone** means the Company entering into one or more binding farmin agreements with one or more third parties where one or more of the farmin agreements incorporates a private Offer of Exoma Shares and the sum of the funds raised and the farminees' expenditure commitments is not less than \$20,000,000;
- (p) **Total Performance Shares** means the total number of Performance Shares to be issued to the Vendors in accordance with the Share Purchase Deed (being the number of Performance Shares equal to the number of Exoma Shares (including Offer Shares) on issue immediately prior to Completion (as that term is defined in the Share Purchase Deed)) in the percentages and to the parties specified in the Share Purchase Deed;
- (q) **Tranche 1 Milestone** means the satisfaction of any of:
 - (i) the Farmin Agreement Milestone;
 - (ii) the Private Offer Milestone; or
 - (iii) the 40 Cents Milestone;
- (r) **Tranche 1 Performance Share** means a Performance Share issued on the terms contained in this Schedule with the rights of conversion in clauses 2.1, 2.4 and 2.5 of this Schedule;
- (s) **Tranche 2 Milestone** occurs on the satisfaction of either of:
 - (i) the 200 Bcf Milestone; or
 - (ii) the 50 Cents Milestone;
- (t) **Tranche 2 Performance Share** means a Performance Share issued on the terms contained in this Schedule with the rights of conversion in clauses 2.2, 2.4 and 2.5 of this Schedule;
- (u) **Tranche 3 Milestone** occurs on the satisfaction of either of:
 - (i) the 1Tcf Milestone; or

- (ii) the 60 Cents Milestone; and
- (v) **Tranche 3 Performance Share** means a Performance Share issued on the terms contained in this Schedule with the rights of conversion in clauses 2.3, 2.4 and 2.5 of this Schedule.

2. **Conversion**

The Performance Shares will convert into Exoma Shares in accordance with this clause 2.

2.1. **Conversion of Tranche 1 Performance Shares**

- (a) Subject to clause 2.6 of this Schedule, each Tranche 1 Performance Share will automatically convert into one Exoma Share on the satisfaction, on or prior to the Expiry Date for the Tranche 1 Performance Shares, of the Tranche 1 Milestone.
- (b) If, in respect of the:
 - (i) Farmin Agreement Milestone the Company enters into one or more binding farmin agreements with one or more third parties under which the farminees' have an obligation to spend not less than \$10,000,000 but not more than \$19,999,999.99 in aggregate on exploration programs for the development of the ATPs; or
 - (ii) Private Offer Milestone the Company enters into one or more binding farmin agreements with one or more third parties where one or more of the farmin agreements incorporates a private Offer of Exoma Shares and the sum of the Offer funds raised and the farminees,' expenditure commitments are not less than \$10,000,000 but not more than 19,999,999.99,

then the number of the Tranche 1 Performance Shares that will convert into Exoma Shares on the basis of one Exoma Share for one Tranche 1 Performance Share will be calculated by taking the amount of the total commitments to exploration or a Offer (if such amount is over \$10,000,000), as applicable, and dividing that number by 20,000,000 and multiplying the product by the total number of Tranche 1 Performance Shares. The balance of the Tranche 1 Performance Shares not converted under this clause will convert in accordance with clause 2.4 of this Schedule.

2.2. **Conversion of Tranche 2 Performance Shares**

Subject to clause 2.6 of this Schedule, each Tranche 2 Performance Share will automatically convert into one Exoma Share on the satisfaction, on or prior to the Expiry Date for the Tranche 2 Performance Shares, of the Tranche 2 Milestone.

2.3. **Conversion of Tranche 3 Performance Shares**

Subject to clause 2.6 of this Schedule, each Tranche 3 Performance Share will automatically convert into one Exoma Share on the satisfaction, on or prior to the Expiry Date for the Tranche 3 Performance Shares, of the Tranche 3 Milestone.

2.4. **Conversion after Expiry Date**

- (a) If, on or prior to the Expiry Date for the Tranche 1 Performance Shares, the Company has not met, in whole or in part, the Tranche 1 Milestone then the total number of Tranche 1 Performance Shares not converted in accordance with clause 2.1 of this Schedule will automatically convert into one single Exoma Share.

- (b) If, on or prior to the Expiry Date of the Tranche 2 Performance Shares, the Tranche 2 Milestone is not met then all of the Tranche 2 Performance Shares will automatically convert into one single Exoma Share.
- (c) If, on or prior to the Expiry Date of the Tranche 3 Performance Shares, the Tranche 3 Milestone is not met then all of the Tranche 3 Performance Shares will automatically convert into one single Exoma Share.

2.5. **Conversion on a Change in Control Event**

Subject to clause 2.6 of this Schedule, if, on or prior to the Expiry Date of a Performance Share, a Change in Control Event occurs then each Performance Share will convert into one Exoma Share.

2.6. **Takeover provisions**

- (a) If the conversion of Performance Shares (or part thereof) under clauses 2.1 to 2.5 of this Schedule would result in any person being in contravention of section 606(1) then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1).
- (b) A Performance Shareholder shall give notification to the Company in writing if they consider that the conversion of Performance Shares (or part thereof) under clause 2 of this Schedule may result in the contravention of section 606(1) failing which the Company shall assume that the conversion of Performance Shares (or part thereof) under clause 2 of this Schedule will not result in any person being in contravention of section 606(1).
- (c) The Company may (but is not obliged to) by written notice request a Performance Shareholder to give notification to the Company in writing within seven (7) days if they consider that the conversion of Performance Shares (or part thereof) under clause 2 of this Schedule may result in the contravention of section 606(1). If the Performance Shareholder does not give notification to the Company within seven (7) days that they consider the conversion of Performance Shares (or part thereof) under clause 2 of this Schedule may result in the contravention of section 606(1) then the Company shall assume that the conversion of Performance Shares (or part thereof) under clause 2 of this Schedule will not result in any person being in contravention of section 606(1).

2.7. **After conversion**

The Exoma Shares issued on conversion of any Performance Share will as and from 5.00pm (WST) on the date of allotment rank equally with and confer rights identical with all other Exoma Shares then on issue and application will be made by the Company to ASX for official quotation of the Exoma Shares issued upon conversion.

3. **Issue of Shares for no consideration**

The Company shall allot and issue the Exoma Shares arising from the conversion of the Performance Shares for no consideration and shall record the allotment and issue in the manner required by the Corporations Act.

4. **Reconstruction**

In the event of any reconstruction, consolidation or division into (respectively) a lesser or greater number of securities of the Exoma Shares, the Performance Shares shall be reconstructed, consolidated or divided in the same proportion as the Exoma Shares are reconstructed, consolidated or divided and, in any event, in a manner which will not result in any additional benefits being conferred on the

performance shareholders which are not conferred on the shareholders and for the avoidance of doubt:

- (a) if there is a consolidation of the capital of the Company then the number of Performance Shares to be issued must be consolidated in the same ratio as the Exoma Shares that are being consolidated and the price per Exoma Share at which any milestone is met must be amended in the inverse proportion to that ratio; and
- (b) if there is a sub-division of the capital of the Company then the number of Performance Shares to be issued must be sub-divided in the same ratio as those Exoma Shares that are being sub-divided and the price per Exoma Share at which any milestone is met must be amended in the inverse proportion to that ratio.

5. **Winding up**

If the Company is wound up prior to conversion of all of the Performance Shares into Exoma Shares then the Performance Shareholders will have:

- (a) no right to be paid cash for non-converted Performance Shares; and
- (b) no right to participate in surplus assets or profits of the Company on winding up.

6. **Non-transferable**

The Performance Shares are not transferrable.

7. **Copies of notices and reports**

A Performance Shareholder has the same right as other shareholders of the Company to receive notices, reports and audited accounts and to attend general meetings of the Company but is only entitled to vote in the circumstances referred to in clause 8.

8. **Voting rights**

Subject to any requirement of the Corporations Act to the contrary, a Performance Shareholder shall have no right to vote at any meeting of the Company.

9. **Notices**

The Company must, within a reasonable period, give to a Performance Shareholder notice of any change to the number of Performance Shares which the Performance Shareholder is entitled to receive.

10. **Participation in new issues**

There are no participation rights or entitlements inherent in the Performance Shares and a Performance Shareholder will not be entitled to participate in new issues of capital offered to the shareholders of the Company during the currency of the Performance Shares.

11. **Quotation**

The Performance Shares shall not be quoted on any stock exchange. No application for quotation of the Performance Shares on ASX will be made by the Company.