

29 March 2012

ASX Announcement

Exoma to Drill Large Gas and Oil Targets in Extensive 2012 Exploration Program

HIGHLIGHTS:

- **Up to 22 wells in 2012.**
- **Drilling program expected to begin in April targeting:**
 - **Coal Seam Gas 31 TCF in 7 Prospects;**
 - **Conventional Oil in Place 80-280 MMBO at Katherine Prospects;**
 - **Shale Oil & Gas Prospects to be tested over 20,000km²**

Exoma Energy Limited (ASX: EXE) is pleased to announce a planned 2012 exploration drilling campaign of up to 22 wells which is scheduled to begin next month in Central Queensland. The Galilee Joint Venture (Exoma 50%, CNOOC Gas & Power 50%) has agreed to an extensive exploration program across its five permits covering over 27,000 km² within the Galilee Basin in 2012 (see attached map).

To achieve this, Exoma has contracted Ausdrill (ASX Code: ASL) to provide a rig and drilling services to carry out part of the 2012 drilling program. The rig is presently being commissioned at Ausdrill's Toowoomba yard. Negotiations for a second rig for the 2012 program are well advanced with mobilisation into the field of the first rig planned for April, subject to weather and land access considerations.

Exoma and CNOOC's 7 well exploration program in 2011 confirmed the existence of three separate hydrocarbon systems: Coal Seam Gas, Conventional Oil, Shale Oil and Gas within the Joint Venture permits.

The 2012 exploration program will systematically appraise each of these potential resources in more detail. Exoma's programs are therefore designed to deliver a strategic understanding of the basin geology with the objective of defining the most favourable areas in which to develop reserves.

Coal Seam Gas

Initially, the main focus of the CSG is contained within the Permian Betts Creek and Aramac coal measures. These coals cover approximately 12,000 km² of the Joint Venture acreage and represent a potentially strategic gas resource.

Exoma's objectives in 2012 are to continue to measure and map the distribution of gas within the coal and to identify production 'sweet spots' for long term testing in 2013. The 2012 CSG program is targeting 31 trillion cubic feet (TCF) of potential resource in 7 independent prospect areas and aims to provide the technical basis to convert resource into reserves during 2013.

Exoma expects to drill and test up to 13 CSG core wells in these prospect areas during 2012. These wells will also provide data on the Toolebuc shale formation within the permit areas..

Conventional Oil

The Katherine-1 well, drilled in 2011 as an extension to a Toolebuc shale core test, discovered oil in the Hutton and Adori sandstones. This well confirmed that a stratigraphic trap model is a valid play in the Hutton sandstone and structural trapping is a valid play in the Adori sandstones.

Based on independent log analysis, Exoma has identified a potential oil resource of some 80 million barrels of oil (MMBO) in the Katherine West structure. In addition, Katherine East, an adjacent structural trap identified from seismic, holds potential Oil on Place of up to 200 MMBO.

Exoma's objectives in 2012 are to test the two oil prospects and establish the technical and commercial basis for development and production. At Katherine West the plan is to cut a core through the Hutton and Adori reservoir section and conduct drill stem tests. In the event that this well confirms the presence of recoverable oil, Exoma plans to then drill the Katherine East structure.

The aim of the 2012/13 program is to obtain independently certified oil reserves, which will provide the basis for appraisal and development decisions in 2013.

Exoma has also identified a number of independent oil prospects that will be reviewed against the results of the 2012 conventional oil program.

Shale Oil and Gas

The 2011 exploration program confirmed the Toolebuc shale as a potentially world-scale oil and gas resource. These shales cover approximately 20,000 km² of the Joint Venture acreage. Independent analysis of the core recovered in 2011 shows that the shale has excellent generative potential. The Toolebuc shale has a very high organic content and testing shows that part of the organic material (the kerogen) has generated liquid and gaseous hydrocarbons.

Samples of liquids and wet gas were recovered during drilling and in laboratory testing.

The results from the core wells drilled at the Bessies-1, Euston-1 and Katherine-1 locations show that the shale has generated significant quantities of hydrocarbons. Samples of liquids and wet gas were recovered during drilling and in laboratory testing.

Based on the laboratory results, Exoma estimates the following hydrocarbons in place at the Bessies location:

Oil-in-Place (mmstb/km ²)	Gas-in-Place (bcf/km ²)
0.2 to 4.5 (ave 2.2)	2.9 to 6.4 (ave. 4.0)

The Joint Venture is analysing the complex geological and geochemical data obtained in 2011 in order to characterise the shale, understand how the shale hydrocarbon system works and to identify 'sweet spots' for production testing and to assess recoverability.

The 2012 program is designed to collect further shale geological and geochemical data across the five permit areas. The Joint Venture plans to drill and core 7 shale exploration wells in ATP 999P, ATP 1005P and ATP 1008P, with this program aimed at measuring the regional distribution of the many factors that are known to influence petroleum shale productivity.

In ATP 991P and ATP 996P, CSG exploration wells will intersect and sample the Toolebuc shale as they are drilled through to the underlying Permian coal measures. Samples of shale will be recovered from these CSG wells and the shale section will be geophysically logged.

Project Team

Exoma has recently appointed a number of senior industry professionals to support this accelerated exploration program. In particular, the Company has been pleased to welcome Vic Palanyk as General Manager Subsurface and Andrew Saville as Safety Manager.

In addition to these appointments, Exoma has concluded the appointment of a number of secondees from CNOOC Gas & Power in a range of technical, operational and commercial positions. This will provide valuable access to the CNOOC Group technical resources and capabilities.

Exoma Chairman, Brian Barker, said:

"Last year we consolidated our technical knowledge of the Galilee Basin CSG, demonstrated that the Toolebuc is a highly prospective shale oil and gas resource and established a stratigraphic play for conventional oil. Given the large size of the Joint Venture acreage, these accomplishments create really significant value. We will build off these successes in 2012 with follow-up exploration designed to position the company to start booking reserves in 2013. Exoma is operating an aggressive exploration program in 2012. Our program funding is secured by the farmin by CNOOC and our cash reserves."

Exoma has a 50% beneficial interest in five ATP's in the Galilee Basin covering approximately 27,000 km². CNOOC Galilee Gas Company Pty Ltd, a local subsidiary of leading Chinese integrated energy company China National Offshore Oil Corporation ("CNOOC"), is earning its participating interest via a farmin whereby CNOOC provide the initial \$50 million of joint venture expenditures on Exoma's five Galilee Basin ATP's.

FURTHER INFORMATION

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