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ASX / Media Release

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## EXOMA TO ACQUIRE 100% OF SIGNIFICANT QUEENSLAND GAS EXPLORATION PROJECT - POTENTIAL GAS IN PLACE 35 TCF

### Key points:

- **Exoma acquires sole rights to significant combined Coal Seam Gas and Shale Gas permits;**
- **The permit areas cover 26,840 km<sup>2</sup> in the highly prospective Queensland Galilee Basin;**
- **The permits have the potential to host combined in place gas resources of 35 Trillion Cubic Feet (TCF) of Coal Seam Gas (CSG), and Shale Gas (SG)\*;**
- **Exoma will undertake a Placement of 40 million Ordinary shares at A\$0.05 per share to raise A\$2 million;**
- **Under the terms of the transaction Exoma will issue vendors 114M ordinary shares, and equivalent numbers of options and performance shares;**
- **Aggressive exploration program planned; and**
- **Three experienced CBM & Petroleum Industry executives to join Exoma board.**

Australian energy company **Exoma Energy Limited (ASX: EXE)** ("Exoma" or "the Company") has entered into a conditional agreement to acquire a 100% interest in the Galilee Gas Project, five contiguous Authorities to Prospect ("ATP") in the highly prospective Galilee Basin in the Central Queensland region of Australia.

The Galilee Gas Project (ATP's 991, 996, 999, 1005 and 1008) cover an area of 26,840 km<sup>2</sup> (approx 6.6 million acres) (refer Figure 1) and are in the final stages of the granting process by the Queensland Department of Energy & Mines. The transaction is subject to the ATP's being granted, EXE shareholder approval and other commercial matters being satisfied.

Exoma will acquire the 100% interest in the Galilee Gas Project through the issue of approximately 114 million fully paid Exoma ordinary shares and the same number of options, exercisable at A\$0.10 each, to the Shareholders of private company, Longreach Number 2 Pty Ltd, ("Longreach"). On closing of the transaction Longreach will become a wholly owned subsidiary of Exoma.

The Vendors will also be entitled to receive approximately 114 million performance shares, which may convert to ordinary shares if specific milestones based exploration success or share price performance are achieved within set periods.

Further details of the agreement for the acquisition of all shares in Longreach and the performance shares are set out in annexure to this release.

The Company will also undertake a placement of 40 million new fully paid Exoma Ordinary shares at an issue price of A\$0.05 per share to raise A\$2 million, each share being issued with one free attaching option exercisable at A\$0.10 each within three years ("Placement"). Exoma will apply for quotation of the Placement shares and options on ASX. The Lead Manager for the Placement is Indian Ocean Capital.

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. Longreach's technical evaluation of the available public data indicates that coals of potentially similar CSG potential to those being appraised by the Rodney Creek and Crossmore pilot projects undertaken by AGL can be anticipated in four out of Longreach's five permits. A potential Coal Seam Gas in place (CSGIP) resource of 10+ TCF is targeted by Longreach's proposed CSG work program\*.

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In addition, a study of the Toolebuc shale formation indicates a shallow shale gas resource with potential of 25+ TCF gas in place\*.

Although Shale Gas is an as yet untried resource in Australia, these hot organic marine shales 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 USA indicates that the technology now exists that could convert this previously undeveloped resource into an economic gas resource.

The double objective 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.

Exoma Managing Director David Rowbottam said, "The Galilee Gas Project has the potential to be one of the largest on-shore gas projects in Australia, providing a major new source of clean energy for the Queensland economy and Asian export markets. This is major growth opportunity for Exoma creating significant value for our shareholders and offering new investors outstanding exposure to one of the largest and most exciting gas exploration projects in Australia."

Exoma anticipates spending approximately A\$47 million on drilling over the next four years to prove up the potential of the Galilee Gas Project. The initial development activities will be funded from the proposed Placement and existing cash reserves.

"The Galilee Basin is one of the most sought after gas exploration addresses in Australia because of its potential to host massive coal seam and shale gas resources. Shale gas production is commonplace in the US and new technology has made it much easier to convert previously undeveloped shale gas resources into recoverable reserves for commercialisation. If these resources can be defined there could be significant down-stream 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" said Mr Rowbottam.

On completion of the transaction it is proposed that Exoma board member Brendan Egan will resign his position, with Longreach representatives Howard Dewhirst, Brian Barker and Stephen Harrison (details attached) to be appointed to the board. It is also proposed that current Managing Director David Rowbottam will also resign his position as Managing Director, but will remain as an Executive Director. Exoma's Chairman John Hopkins will remain as chairman following completion of the acquisition.

Ends

#### Shareholders/ Investors

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*Exoma Energy Limited is an Australian oil and gas exploration company. Exoma listed on the ASX in January 2008.*

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

## **Details of new board appointments**

### **Howard Dewhirst**

- Howard graduated with a Bachelor's degree in Geology and has worked primarily in the international petroleum resources sector.
- His technical focus has been on exploration programme management and direction, basin and play evaluation, negotiating for and acquisition of exploration and production licences, acquisition and disposal of petroleum assets, project and competitive bid analysis for governmental agencies, reserves and risk estimation, petrophysical/log analysis, seismic interpretation, geochemical studies and service company management experience.
- Is currently involved with the search for, and identification of, overlooked opportunities in the petroleum sector internationally.
- Howard was a founding member of the Coal Seam Methane Council of Australia and is a Fellow of the Geological Society and a member of the American Association of Petroleum Geologists, the Society of Petroleum Engineers and the Petroleum Exploration Societies of Australia and Great Britain.

### **Brian Barker**

- Brian holds a Bachelor of Business degree and a Master of Business Administration degree.
- He has approximately 36 years of experience in the upstream oil and gas industry, which embraces onshore and offshore operations, exploration, development and production activities in Australian, PNG, Asia, Europe and Africa, as well as rig ownership and rig contracting.
- Brian is currently an adviser to the Papua New Guinea Government owned corporations on their interests in the Exxon Mobil operated LNG project in the country as well as their oilfield interests.
- He has also published papers on the economics of coal seam gas development and production.

### **Stephen Harrison**

- Stephen holds a Bachelor of Economics degree and is also a CPA and Senior Associate of the Financial Planning Association.
- He has over 30 years of experience in the Financial Services, Funds Management, Private Equity and Accounting fields.
- Stephen has previously held director positions with Investec Funds Management chairing the Australian Investment Committee and the Australian subsidiary of US based fund manager Sanford C. Bernstein. Prior to that time, he held the position of National Director, Financial Services for BDO Nelson Parkhill, Chartered Accountants.
- He currently holds a number of Directorships and consulting positions with companies based or operating in Australia and overseas, including ASX-listed CSG Company, Blue Energy Limited, where he was a founding shareholder, and Power Air Corporation, a USA Listed renewable energy company.

## **Material terms of Longreach acquisition agreement**

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

### **Consideration**

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

- that number of ordinary shares equal to the number of Exoma ordinary shares on issue following completion of the Placement of 40 million shares; the Directors anticipate Exoma issuing 113,976,250 ordinary shares to the Longreach vendors assuming no existing options are exercised;
- an equivalent number of options exercisable at \$0.10 each within 3 years of their date of grant (i.e. one attaching options for every ordinary share issued); Exoma will apply for quotation of the options on ASX;; and
- an equivalent number of performance shares on the terms summarised below ("Performance Shares") (i.e. one Performance Share for every ordinary share issued).

The full terms of the options and Performance Shares will be contained in Exoma's notice of meeting for shareholder approval of the transaction.

### **Conditions**

The transaction is subject to satisfaction of a number of conditions precedent, including the following material conditions by 7 August 2009 or such later date as the parties may agree:

- the grant and transfer to Longreach of the Galilee Gas Project permits (ATP 991, 996, 999, 1005 and 1008) ("ATPs");
- Exoma shareholder approval of the acquisition of Longreach and the issue of the Exoma securities to the vendors;
- Exoma shareholder approval of the Placement;
- ASX approval of the terms of the Performance Shares; and
- at completion of the acquisition, Exoma having cash of \$5,000,000 and liabilities not exceeding \$200,000; the Directors expect this condition will be satisfied on completion of the Placement.

The agreement is also subject to:

- Exoma commissioning and receiving a satisfactory geological report on the project permits by 31 May 2009; and
- the vendors of Longreach being satisfied with their due diligence enquiries of Exoma by 22 May 2009.

If required by the 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 agreement contains various representations and warranties given by both the vendors and by Exoma which are considered not unusual for an agreement of this nature.

Pending completion of the acquisition, Exoma must conduct its business in the ordinary course and not make any acquisitions or issues of securities without the consent of the Longreach vendors.

## Performance Shares

The performance shares will be issued in 3 tranches on terms summarised below. The full terms of the Performance Shares will be contained in Exoma's notice of meeting for shareholder approval of the transaction.

The Performance Shares will automatically convert to ordinary 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 automatically expire.

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 Exoma shares traded on ASX for any 15 consecutive trading days ("VWAP price") 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 200Bcf of gas. OR The VWAP price being at least 50 cents.	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 1Tcf of gas. OR The VWAP price being at least 60 cents.	60 months from date of issue of Performance Shares.

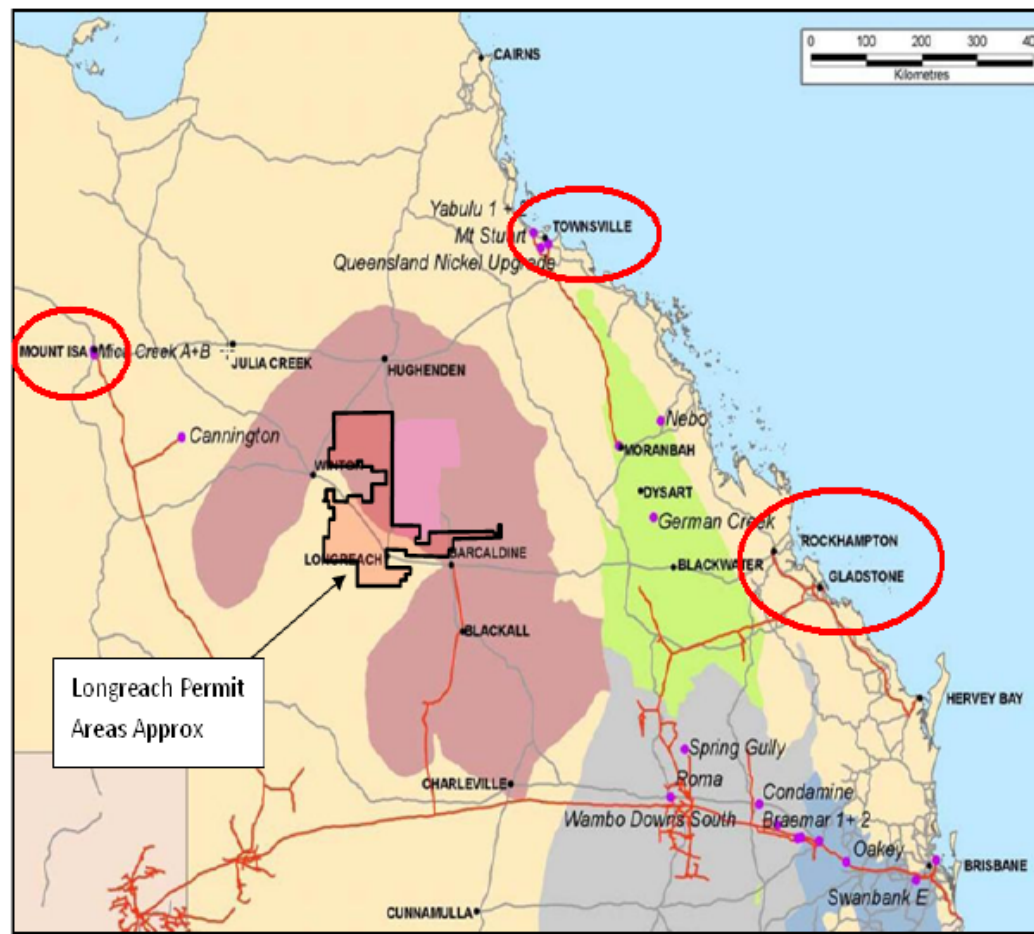
Tranche 1 Performance Shares may also be converted in a pro rata amount if Exoma enters into farmin agreements where either one or more third parties have an obligation to spend between \$10 million and \$20 million on exploration for the development of the ATPs or the farmin agreement incorporates a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

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

- a takeover bid and the bidder has achieved acceptances in respect of 50.1% of Exoma shares or if the bid becomes unconditional; or
- a scheme of arrangement for the transfer or cancellation of all Exoma shares.

**FIGURE ONE: Galilee Gas Project Location**

Regional and Infrastructure Map



Longreach Permit Locations

