Exoma Energy Limited

ABN 56 125 943 240

Notice of General Meeting and Explanatory Statement

General Meeting to be held
at Celtic Club
48, Ord Street
West Perth
Western Australia
on Monday, 27 July 2009
commencing at 10.00am (WST)

The Notice of General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

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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.

	Date
Snapshot date for eligibility to vote	25 July 2009
Last day for receipt of Proxies*	25 July 2009
General Meeting	27 July 2009
Issue and allotment of Placement Securities	3 August 2009
Completion of Longreach Acquisition	7 August 2009
Issue and allotment of Vendor Securities	13 August 2009

*Proxies received after 10.00 am (WST) on this date will be disregarded.

Managing Director’s Letter

Dear Shareholder

Acquisition of Galilee Gas Project

As announced to the ASX on 15 May 2009, the Company has entered into a conditional agreement to acquire a 100% interest in the Galilee Gas Project, which consists of five contiguous Authorities to Prospect (“ATP”) in the highly prospective Galilee Basin in the Central Queensland region of Australia (“Agreement”). The Galilee Gas Project (ATP’s 991, 996, 999, 1005 and 1008) cover an area of 26,840 km^2 (approx 6.6 million acres) and are in the final stages of the granting process by the Queensland Department of Energy & Mines.

The acquisition under the Agreement represents a significant change to the nature and scale of the Company’s activities, and as such requires shareholder approval under ASX Listing Rule 11.1.2. The Agreement is conditional on Exoma obtaining shareholder approval.

To ensure the acquisition can be completed promptly, the Company has decided to hold a separate Shareholder meeting dealing with approval of this acquisition.

The Board considers that this is a major growth opportunity for Exoma, creating significant potential value for Shareholders. With this project, Exoma plans to aggressively pursue exploration programmes focussing on the objective of proving up economic gas resource areas within ATP's of sufficient size to warrant early development. Exoma believes that the ATP's have the potential to provide a major new source of clean energy for the Queensland economy and Asian export markets, thereby generating a strong return on Exoma's investment.

The potential risks and consequences associated with this transaction are set out in detail in the explanatory statement.

Yours sincerely

David Rowbottam
Managing Director

Notice of General Meeting

NOTICE IS HEREBY GIVEN that a General Meeting of Exoma Energy Limited ABN 56 125 943 240 (**Exoma** or **Company**) will be held at the **Celtic Club, 48 Ord Street, West Perth, Western Australia** commencing at **10.00am (WST)** on **27 July 2009**.

The Explanatory Statement, which accompanies and forms part of this Notice, describes the various matters to be considered.

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the Glossary as set out in the Explanatory Statement.

AGENDA

Resolution 1 – Change in nature and scale of Exoma's activities

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to the passing of Resolutions 2 to 4 (inclusive), for the purposes of Listing Rule 11.1.2 and for all other purposes, approval is given 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 Number 2 Pty Ltd ACN 135 893 793 on the terms of the Longreach Share Purchase Deed and the proposed Placement, in the manner described in the Explanatory Statement."*

Short explanation: The Listing Rules require the Company to seek Shareholder approval of a proposed significant change to the nature and/or scale of its activities. The proposed Longreach Acquisition and associated capital raising will constitute a significant change to the nature and scale of the Company's activities. Shareholder approval of the transaction is required for the purposes of ASX Listing Rule 11.1.2. Further information about the Resolution is contained in the accompanying Explanatory Statement.

Voting exclusion: The Company will disregard any votes cast on this Resolution by a Longreach Vendor and a person who might obtain a benefit if the Resolution is passed, except a benefit solely in the capacity of a Shareholder if the Resolution is passed, and any associate of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 2 – Issue of New Class of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

> *"That, subject to the passing of Resolutions 1 and 3 to 4 (inclusive), for the purposes of Section 246B of the Corporations Act and clause 2.4 of the Constitution of the Company and for all other purposes, the Company be authorised to issue the Performance Shares, the terms of which are set out in the Explanatory Statement accompanying this Notice."*

Resolution 3: Issue of Vendor Securities to Longreach Vendors

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

> *"That, subject to the passing of Resolutions 1, 2 and 4, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue to the Longreach Vendors pursuant to the terms of the Longreach Share Purchase Deed:*

(a) *that number of Shares (each a **Vendor Share**) equal in number to the total Shares on issue following completion of the Placement the subject of Resolution 4, in consideration for the acquisition of all of the shares in Longreach Number 2 Pty Ltd ACN 135 893 793;*

(b) *for every Vendor Share issued to the Longreach Vendors, one attaching Option exercisable at A$0.10 and expiring 31 July 2012 on the terms and conditions set out in Schedule 1 to the Explanatory Statement (each a **Vendor Option**);*

(c) *for every Vendor Share issued to the Longreach Vendors, one convertible share (each a **Performance Share**) on the terms and conditions set out in Schedule 2 to the Explanatory Statement,*

and in the manner described in the Explanatory Statement."

Short explanation: Resolution 3 seeks approval for the Vendor Shares, Vendor Options and Performance Shares proposed to be issued to the Longreach Vendors for the Longreach Acquisition. Based on the number of Shares on issue at the date of this Notice of Meeting and the number of Placement Shares proposed to be issued, it is anticipated that 113,976,250 Vendor Shares, 113,976,250 Vendor Options and 113,976,250 Performance Shares will be issued to the Longreach Vendors. Further information about the Resolution is contained in the accompanying Explanatory Statement.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 3 by a Longreach Vendor and any person who may obtain a benefit if the Resolution is passed, except a benefit solely in the capacity of a Shareholder if the Resolution is passed, and any associate of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

Resolution 4 – Approval of Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 1 to 3 (inclusive), for the purposes of Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve and authorise the issue of:

(a) 40,000,000 Exoma Shares with an issue price of A$0.05 each per share (each a **Placement Share**) to raise A$2 million; and

(b) for every one Placement Share issued, one free attaching Exoma Option exercisable at A$0.10 each and expiring on 31 July 2012 on the terms and conditions set out in Schedule 1 to the Explanatory Statement (each a **Placement Option**),

in the manner described in the Explanatory Statement."

Short Explanation: Shareholder approval is sought to raise capital for corporate and working capital purposes, including the exploration and development of the Galilee Gas Project upon completion of the Longreach Acquisition. The Placement is subject to the Longreach Acquisition occurring. Further information about the Resolution is contained in the accompanying Explanatory Statement.

Voting exclusion: The Company will disregard any votes cast on Resolution 4 by any person who may participate in the Placement or who might obtain a benefit if the Resolution is passed, except a benefit solely in the capacity of a Shareholder if the Resolution is passed, and any associate of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By Order of the Board

Ian Hobson
Company Secretary

18 June 2009

Proxy Appointment and Voting Instructions

Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged:

By hand or post to:	Exoma Energy Limited Ground Floor, 47 Stirling Highway, Nedlands, WA 6009
By fax:	+61 8 9389 8700

not later than 48 hours before the time for holding the General Meeting i.e. no later than **10.00am WST** on **25 July 2009**. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Appointment of a proxy

A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy. The proxy may, but need not be, a member of the Company.

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a Shareholder of the Company.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company on +61 8 9389 9400 or you may photocopy the Proxy Form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary – that director.

Votes on a Resolution

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the Resolutions. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on the Resolutions will be invalid.

Voting entitlement

For the purposes of determining voting entitlements at the General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 10am on **25 July 2009**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company before the Meeting or at the registration desk on the day of the Meeting. Certificates of appointment of corporate representative are available at **www.securitytransfer.com.au** or on request by contacting the Company's registry, Security Transfer Registrars Pty Ltd, by telephone on +61 9315 2333.

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary. All amounts referred to in this Explanatory Statement are in Australian Dollars unless specified otherwise.

1. Introduction and background

1.1 Introduction to the Longreach Acquisition

On 15 May 2009 Exoma announced 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 Longreach Acquisition, will hold 100% of the interest in the ATPs.

The Company has entered into a 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 is subject to Shareholder approval of the Resolutions contained in the Notice of Meeting and satisfaction of a number of conditions.

Completion of the transaction comprises the following key steps:

(a) the grant of the ATPs and the transfer of the ATPs to Longreach;

(b) Shareholder approval of Resolution 1 for the change in the scale of the Company's activities resulting from the acquisition of all of the shares in Longreach;

(c) Shareholder approval of Resolution 2 for the issue of a new class of shares, being the Performance Shares;

(d) Shareholder approval of Resolution 3 of the issue to the Longreach Vendors of the following Exoma securities (**Vendor Securities**) in consideration for the purchase of all of the shares in Longreach:

   (i) approximately 114 million Shares;

   (ii) approximately 114 million Options; and

   (iii) approximately 114 million Performance Shares;

(e) Shareholder approval of Resolution 4 for the placement of 40,000,000 Shares to raise $2,000,000 before costs and expenses of the Offer;

(f) at the time of completion of the Longreach 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; and

(g) 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.

Accordingly, the Company's acquisition of Longreach is dependent on Shareholder approval of Resolutions 1 to 4.

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

On completion of the Longreach Acquisition, the Company's main activity will be the exploration and development of the Galilee Gas Project.

The issue of Vendor Securities and the Placement will significantly change the capital structure of the Company. The Longreach Vendors will be issued with Vendor Shares totalling 50% of the post acquisition issued Shares of the Company (assuming no existing Options are exercised or Shares issued, and all of the securities are issued under resolutions contained in this Notice of Meeting).

If all the Vendor Options and Performance Shares are exercised, the Longreach Vendors would hold approximately 59.8% of the Company's issues Shares (assuming no other Options are exercised or Shares issued and all of the securities are issued under resolutions contained in this Notice of Meeting).

The Company has been advised by the Longreach Vendors that no individual Longreach Vendor (together with its associates) will acquire a relevant interest of more than 20% of the Company following the acquisition and issue of the Vendor Shares. Any subsequent exercise of the Vendor Options or the conversion of the Performance Shares will be subject to necessary shareholder approval, if any, and compliance with the Corporations Act.

On completion of the Longreach Acquisition, it is proposed that one of Exoma's Directors, Mr Brendan Egan, will resign his position, with nominees of the Longreach Vendors, Messrs Howard Dewhirst, Brian Barker and Stephen Harrison, to be appointed to the Board (**Proposed Directors**).

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

1.2 Galilee Gas Project

The Galilee Gas Project consists of five ATPs, namely ATP 991, 996, 999, 1005 and 1008. The ATPs are currently in the application stage. It is a condition to completion of the Longreach Acquisition that the ATPs are granted and 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. 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.*

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 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.

A copy of a geological report commissioned by the Company in respect of the Galilee Gas Project was released to ASX on 18 June 2009 and is available from the Company’s website. .

**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.*

1.3 Longreach No 2 Pty Ltd

Longreach is a private company incorporated on 17 March 2009. Longreach has a total of 1,000,000 issued shares and 11 shareholders. The current directors are Messrs Norman Howard Dewhirst, Brian James Barker and Stephen James Harrison.

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

2. Effect of the Longreach Acquisition on the Company

2.1 Company’s activities

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

The Company will continue to hold interests in the North Perth Basin in Exploration Permit (EP) 419, a 635km² block 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.

2.2 Anticipated capital structure on completion of the Longreach Acquisition and Placement

The table below shows the capital structure of the Company in the event that all Resolutions are approved and the securities approved pursuant to those Resolutions are issued*:

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

Listed Options	
Listed Options on issue	73,976,250
Listed Options to be issued under the Placement	40,000,000
Listed Options to be issued to the Longreach Vendors	113,976,250
Total Listed Options after Longreach Acquisition and Placement	**227,952,50**
Performance Shares issued to Longreach Vendors	**113,976,250**
Unlisted Options currently on issue	**2,050,000**

*****The table above assumes that no existing Options are exercised or other Shares issued before completion of the Longreach Acquisition.

2.3 Proposed changes to the Board

At 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;

(d) three nominees of the Longreach Vendors will be appointed to the Board, namely:

- Howard Dewhirst – proposed Executive Director and Chief Operating Officer;
- Brian Barker – proposed Non-Executive Director;
- Stephen Harrison – proposed Non-Executive Director.

Details of the qualifications and experience of Messrs Barker, Dewhirst and Harrison are set out below.

Howard Dewhirst; BSc (Geol),

Howard 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.

Howard is currently involved with the search for, and identification of, overlooked opportunities in the petroleum sector internationally.

He is 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; BBus, MBA,

Brian 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 Australia, Papua New Guinea, 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; BEcon,

Stephen 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 its 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.

2.4 Pro-forma balance sheet

The Directors have prepared an unaudited consolidated balance sheet for the Company as at 30 April 2009 and a pro-forma balance sheet to present the position of Exoma as a result of the Longreach Acquisition and the Placement.

The pro-forma consolidated balance sheet has been derived from the unaudited management accounts of Exoma adjusted to reflect pro-forma assets and liabilities of Exoma as if completion of the Longreach Acquisition and Placement had occurred on 30 April 2009.

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

- the acquisition of all of the issued securities of Longreach;
- the issue of the Vendor Shares, Vendor Options and the Performance Shares to to the Longreach Vendors under the Longreach Share Purchase Deed;
- the issue of 40,000,000 Shares at $0.05 each, thereby raising $2,000,000 of capital pursuant to the Prospectus;
- estimated costs of the Placement capital raising of $150,000;
- due diligence costs of $120,000 in relation to the Longreach acquisition; and
- an advance of $320,0000 on the Longreach Vendors behalf to the Queensland Environmental Authority for bonds required under the mining legislation.

	Consolidated Balance Sheet as at 30 April 2009	Pro Forma as at 30 April 2009
Current Assets		
Cash at Bank	3,745,232	5,255,232
Accounts Receivable	80,107	81,107
Total	3,826,339	5,336,339
Non-current Assets		
Property plant and equipment	46,318	46,318
Oil and gas properties**	33,996	2,653,996
Financial Assets (Environmental Bonds)		320,000
Total	80,314	3,020,314
Total Assets	**3,906,653**	**8,356,653**
Liabilities		
Accounts payable	85,914	195,914
Total liabilities	**85,914**	195,914
Net Assets	**3,820,739**	**8,160,739**
Equity		
Share Capital	9,021,149	13,411,149
Translation Reserve	919,543	919,543
Option Reserve	30,847	30,847
Retained earnings	(5,792,257)	(5,792,257)
Current year loss	(358,543	(408,543)
	3,820,739	**8,160,739**

** The ATPs have been valued at the price of the securities at the time the Longreach acquisition was contemplated. The final value will be determined by the market price of the securities at completion of the acquisition and the Directors determination of the carrying value.

3. Recommendation of the Directors

3.1 Recommendation of Directors

The Directors unanimously recommend Shareholders vote in favour of Resolutions 1 to 4 for the following key reasons.

- The Board considers that Longreach Acquisition is a major growth opportunity for Exoma, creating significant potential value for shareholders. With this project, Exoma plans to aggressively pursue exploration programmes focussing on the objective of proving up economic gas resource areas within ATP's of sufficient size to warrant early development. Exoma believes that the ATP's have the potential to provide a major new source of clean energy for the Queensland economy and Asian export markets, thereby generating a strong return on Exoma's investment.

- The opportunity to develop a project of the size offered by the Longreach Acquisition with five contiguous Authorities to Prospect ("ATP") in the highly prospective Galilee Basin in the Central Queensland region of Australia, is enhanced by the magnitude of the potential gas reserves. It is the size of the potential gas reserves which will justify the large investment in infrastructure to bring these types of resources to market and provide long term sustainable returns.

- Recent exploration activity in adjoining ATPs by other operators have also resulted in positive outcomes regarding the prospectivity of the potential coal resources in the Galilee Basin.

The Directors intend to vote the Shares they hold in favour of the Resolutions.

3.2 Potential disadvantages of the Longreach Acquisition

Some of the disadvantages of the Longreach Acquisition include, without limitation:

- the issue of securities under the Longreach Acquisition and the Placement will dilute the shareholding interests of existing Shareholders;

- the Company will change its nature and scale, and will be committed to the exploration and development of the Galilee Gas Project for a number of years, possibly to the exclusion of other potential projects; and

- there are many risks associated with the Galilee Gas Project. Some of these are set out in Section 3.3 below.

The Directors consider the advantages described in Section 3.1 and significant potential of the Galilee Gas Project above outweigh the potential disadvantages.

3.3 Potential risks

Shareholders should be aware that the proposed Longreach Acquisition involves some potential risks. The risks include, without limitation:

- **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 Placement to undertake the initial stage of the exploration programme for the Galilee Project, the Company may 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 Notice of Meeting 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 Notice of Meeting.
- **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 above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company in proceeding with the Longreach Acquisition. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities.

3.4 Consequences if Resolutions are not approved

In the event Resolutions 1 to 4 inclusive are not approved by Shareholders at the General Meeting, the Longreach Acquisition and the Placement will not proceed.

In that event, the Board will continue to review other projects with a view to identifying potential acquisitions of oil and/or gas exploration projects that the Directors consider to be in the best interests of Shareholders.

Should the Longreach Acquisition and the Placement not be approved and implemented, there is a risk the Company may not be able to acquire substantial new projects or raise associated funds.

4. Summary of the terms of the Longreach Acquisition

A summary of the material terms of the Longreach 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 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 Shares issued), exercisable at $0.10 each and expiring on 31 July 2012 on the terms set out in Schedule 1 of this Explanatory Statement (**Vendor Options**); and

(c) that number of performance shares equal to the number of Vendor Shares issued, on the terms summarised in Schedule 2 to the Explanatory Statement (**Performance Shares**).

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

(a) the grant and transfer to Longreach of the ATPs;

(b) Exoma obtaining Shareholder approval of the acquisition of Longreach and the issue of the Vendor Securities to the Longreach Vendors;

(c) Exoma obtaining Shareholder approval of the Placement; and

(d) at completion of the Longreach 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.

If required by the Longreach Vendors, Exoma will provide a loan for the payment of environmental bonds necessary for the grant of the ATPs (anticipated to be a total amount of up to approximately $320,000). If paid, these bonds will be deemed to form part of the minimum $5,000,000 cash requirement.

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 and not make any acquisitions or issues of securities without the consent of the Longreach Vendors.

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

5. Resolution 1: Approval of Longreach Acquisition and change of activities

Listing Rule 11.1.2 provides that a listed company that proposes to make a significant change to the nature or scale of its activities must, if ASX requires, obtain the approval of shareholders of its ordinary securities to the change.

Shareholder approval is sought for the proposed significant change to the nature and/or scale of the activities brought about by the proposed Longreach Acquisition and Placement.

The Longreach Acquisition and Placement necessarily involves a significant change in the capital structure of the Company and change in the assets of the Company.

The core activity of the Company will, however, remain that of oil and gas exploration and development, with the Company’s principal focus on the exploration of the Galilee Gas Project for the foreseeable future.

Exoma anticipates that, notwithstanding the application of Listing Rule 11.1.2 to the proposed Longreach Acquisition and Placement, if Shareholders approve the Resolutions, the Company will not be required to re-comply with the admission requirements of ASX set out in Chapters 1 and 2 of the Listing Rules and trading in the securities of the Company will not be suspended by reason of the proposed transaction (subject to the Company's continued compliance with the Listing Rules).

6. Resolution 2: Issue of New Class of Shares

As noted above, the Company proposes issuing approximately 114,000,000 Performance Shares (the terms of which are set out in Schedule 2) to the Longreach Vendors.

The Constitution of the Company (refer clause 2.4) requires that the creation of a new class of share requires:

(a) the written consent of the holders of three quarters of the issued shares of the affected class; or

(b) a special resolution passed in a meeting of the holders of the issued shares of the affected class.

Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of shares on the terms set out in Schedule 2 of this Explanatory Statement.

7. Resolution 3: Issue of Vendor Shares, Vendor Options and Performance Shares to Longreach Vendors

7.1 Vendor Securities

Resolution 3 seeks approval for the purposes of Listing Rule 7.1 for the issue of the Vendor Securities to the Longreach Vendors in consideration for the acquisition of all the issued shares of Longreach.

These Vendor Securities comprise:

(a) one Vendor Share for every Share the Company has on issue immediately after completion of the Placement. Following the Placement this number is expected to be 113,976,250 Shares, assuming no existing Options are exercised in the meantime;

(b) for every one Vendor Share issued to the Longreach Vendors:

   (i) one Vendor Option (i.e. anticipated to be a total of a total of 113,976,250 Options if 113,976,250 Vendor Shares are issued); and

   (ii) one Performance Share (i.e. anticipated to be a total of 113,976,250 Performance Shares if 113,976,250 Vendor Shares are issued).

7.2 Terms of Vendor Shares

The Vendor Shares will be issued as fully paid ordinary shares, ranking equally with the Company's existing shares.

7.3 Terms of Vendor Options

The terms and conditions for the Vendor Options to be issued are set out in Schedule 1 to this Explanatory Statement.

7.4 Terms of Performance Shares

The Performance Shares will be issued in 3 tranches on the terms and conditions as set out in Schedule 2 to this Explanatory Statement.

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

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 convert into one single Exoma 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 Exoma shares traded on ASX for any 20 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 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 1Tcf 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 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) a takeover bid and the bidder has achieved acceptances in respect of 50.1% of Exoma shares and if the bid becomes unconditional; or

(b) a scheme of arrangement for the transfer or cancellation of all Exoma shares is approved by the necessary majority of Shareholders and the Court.

7.5 Identity of the Longreach Vendors

The Longreach Vendors comprise various private investors.

A number of the Longreach Vendors are associated with the Messrs Brian Barker, Howard Dewhirst and Stephen Harrison, who the Board proposes to appoint as

Directors on completion of Longreach Acquisition. Profiles of these persons are contained in Section 2.3.

Brian Barker, Howard Dewhirst and Stephen Harrison are not considered to be "associates" of each other within the meaning of the Corporations Act in respect of their proposed shareholding interests in the Company.

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 following table:

Longreach Vendor	Percentage of total Vendor Securities	
	Shares and Options	Performance Shares
Associates of Brian Barker		
Stardrift Pty Ltd	0.10%	0.00%
Brian James & Yolan Barker ATF the Stardrift Super Fund	20.00%	26.00%
Associates of Howard Dewhirst		
Petroalbion Pty Ltd	0.10%	0.00%
NH & PM Dewhirst ATF The Bets Super Fund	20.00%	26.00%
Associates of Stephen Harrison		
MSJ Capital Pty Limited ATF MSJ Family Trust	9.90%	12.00%
MSJ Capital Pty Ltd ATF The Harrison Superannuation Fund	6.20%	7.50%
Other Longreach Vendors		
Medidew Pty Ltd ATF Medidew Trust	5.90%	5.50%
Qtaps Pty Ltd ATF Qtaps Trust	5.90%	5.50%
Jasmah Investments Pty Ltd ATF Jasmah Investments Trust	9.90%	12.00%
Blueseas Investments Pty Ltd ATF The ASEAN Superannuation Fund	5.00%	0.00%
Brentex Holdings Pty Ltd ATF the TLM Trust	2.33%	0.00%
ASEAN Capital Pty Ltd	7.34%	5.50%
Marindo Nominees Pty Ltd	7.33%	0.00%
Total	**100%**	**100%**

7.6 Listing Rule 7.1

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period which exceeds 15 per cent of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting unless another exception to Listing Rule 7.1 applies.

Resolution 3 requires Shareholder approval pursuant to Listing Rule 7.1.

For the purposes of the information requirements of ASX Listing Rule 7.3, Shareholders are advised of the following details of the Vendor Securities proposed to be issued to the Longreach Vendors pursuant to Resolution 3:

(a) the maximum number of Vendor Shares the Company proposes to issue the Longreach Vendors is the number of Shares the Company has on issue immediately after completion of the Placement. This number will be 113,976,250 Shares on completion of the Placement assuming no existing Options are exercised in the meantime;

(b) for every one Vendor Share issued to the Longreach Vendors, Exoma has agreed to issue:

    (i) one Vendor Option (i.e. an anticipated total of 113,976,250 Vendor Options if 113,976,250 Vendor Shares are issued);

    (ii) one Performance Share (i.e. an anticipated total of 113,976,250 Performance Shares if 113,976,250 Vendor Shares are issued);

(c) the Vendor Securities will be issued to the Longreach Vendors in accordance with the terms of the Longreach Share Purchase Deed. The identity of the Longreach Vendors, and the percentages of the total Vendor Securities to be issued to them, is described in the table in Section 7.5;

(d) the Vendor Securities will be issued at completion of the Longreach Acquisition on one date, being the completion date of the Longreach Acquisition, within 3 months of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). The Vendor Securities will not be issued if the Longreach Acquisition does not reach completion;

(e) the Vendor Shares will be issued at a deemed issue price of A$0.05 each;

(f) the Vendor Shares will be issued as fully paid ordinary shares, ranking equally with the Company's existing Shares;

(g) the Vendor Options will be granted on the terms set out in Schedule 1 to this Explanatory Statement;

(h) the Performance Shares will be granted on the terms set out in Schedule 2 to this Explanatory Statement;

(i) Exoma will apply for the Vendor Shares and Vendor Options to be quoted on ASX. The Performance Shares will not be quoted on ASX;

(j) Vendor Securities will not be issued to any related parties other than the associates of each of the proposed directors Brian Barker, Howard Dewhirst and Stephen Harrison as set out in Section 7.5 above. The Company's board considers that the issue of Vendor Securities to these related parties falls within the arms length exception to Chapter 2E of the Corporations Act. In addition, the board considers that Shareholder approval is not required for the purposes of ASX Listing Rules 10.1 and 10.11 on the basis that the associates are only related parties by reason of the Longreach acquisition; and

(k) no funds will be raised by the issue of the Vendor Securities.

8. Resolution 4: Approval of Placement of 40,000,000 Shares and Options

8.1 Overview of Placement

Subject to Shareholder approval, Exoma is proposing to make a placement of 40,000,000 Shares at A$0.05 per share (**Placement Share**), with one free attaching

Exoma Option exercisable at A$0.10 each and expiring 31 July 2012 (**Placement Option**) (the **Placement**).

The purpose of the Placement is to raise funds to explore and develop the Galilee Gas Project, subject to completion of the Longreach Acquisition.

If the conditions to the Longreach Acquisition are not satisfied, the Placement will not proceed.

The Placement will be managed by the Lead Manager, in consultation with Board and will be made pursuant to a prospectus to be lodged with ASIC.

8.2 Listing Rule 7.3 information

For the purposes of the information requirements of ASX Listing Rule 7.3, Shareholders are advised that:

(a) the maximum number of Placement Shares the Company proposes to issue is 40,000,000;

(b) one free attaching Placement Option exercisable at A$0.10 each and expiring 31 July 2012 will be granted for every Placement Share issued. The maximum number of Placement Options the Company proposes to grant is 40,000,000;

(c) the Placement Securities will be issued to sophisticated investors and clients of the Lead Manger, as determined by the Lead Manager in consultation with the Board. None of the persons to whom Placement Securities will be issued will be related parties of the Company;

(d) the Placement Securities will be issued on one date within 3 months of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). It is proposed that the Placement Securities will be issued immediately prior to completion of the Longreach Acquisition once all other conditions for completion of the Longreach Acquisition have been satisfied. The Placement Securities will not be issued if the conditions for the completion of the Longreach Acquisition are not satisfied;

(e) the Placement Shares will be issued as fully paid ordinary shares, ranking equally with the Company's existing shares with an issue price of A$0.05 each;

(f) the Placement Options will be granted on the terms set out in Schedule 1 to this Explanatory Statement

(g) Exoma will apply for the Placement Shares and Placement Options to be quoted on the ASX;

(h) the lead manager for the Placement will be Indian Ocean Capital; and

(i) the Placement will raise $2,000,000 in capital before costs and expenses of the Placement, which will be used for exploration and development of the Galilee Gas Project and for corporate and working capital purposes.

9. Glossary of terms

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Associate	Has the meaning given to it by Division 2 of the Corporations Act.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited, trading as the Australian Securities Exchange.
ATPs	The Authorities to Prospect located in the Galilee basin, Queensland proposed to be granted and identified as ATP 991, 996, 999, 1005 and 1008.
Board or **Exoma Board**	Board of Directors of the Company.
Business Day	A day (other than a Saturday or a Sunday) on which trading banks in Perth and Brisbane are open for ordinary business.
Chairman	The chairman of the Board.
Company or **Exoma**	Exoma Limited ABN 56 125 943 240
Corporations Act	Corporations Act 2001 (Cth)
Director	A director of the Company.
Exoma Option	An option to subscribe for an Exoma Share granted on the terms set out in Schedule 1.
Exoma Share	A Share in the issued capital of the Company.
Galilee Gas Project	The exploration for oil and gas on area comprised by the ATPs.
General Meeting or **Meeting**	The general meeting of Shareholders convened by the Notice and any adjournment thereof.
Indian Ocean Capital	Indian Ocean Capital Pty Ltd ACN 051 227 877.
Lead Manager	The lead manager to the Placement, Indian Ocean Capital Pty Ltd.
Listing Rules	Listing rules of the ASX as amended or replaced from time to time, except to the extent of any express written waiver granted by ASX.
Longreach	Longreach Number 2 Pty Ltd ACN 135 893 793
Longreach Acquisition	The proposed purchase of all of the shares in Longreach from the Longreach Vendors pursuant to Resolution 1 and in accordance with the terms of the Longreach Share Purchase Deed.
Longreach Share Purchase Deed	A share purchase deed entered into by Exoma and the 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 7.5 and **Longreach Vendor** means any one of them.

Notice and **Notice of General Meeting**	The notice of General Meeting which accompanies this Explanatory Statement.
Option	An option to subscribe for a Share on the terms set out in Schedule 1.
Performance Share	A convertible share proposed to be issued to the Longreach Vendors pursuant to Resolution 3 on the terms set out in Schedule 2.
Placement	The placement of the Placement Securities pursuant to Resolution 4.
Placement Option	An Option issued pursuant to Resolution 4 on the terms set out in Schedule 1.
Placement Securities	The Placement Shares and Placement Options.
Placement Share	A Share issued pursuant to Resolution 4.
Proposed Directors	Messrs Norman Howard Dewhirst, Brian James Barker and Stephen James Harrison.
Resolution	A resolution set out in the Notice.
Section	A section of this Explanatory Statement.
Share	Fully paid ordinary share in the capital of the Company.
Shareholder	A registered holder of a Share.
Vendor Option	An Option to be granted to the Longreach Vendors pursuant to Resolution 3 under the Longreach Share Purchase Deed and on the terms set out in Schedule 1.
Vendor Share	A Share to be issued to the Longreach Vendors pursuant to Resolution 3 under the Longreach Share Purchase Deed.
Vendor Securities	The Vendors Shares, Vendor Options and Performance Shares to be issued to the Longreach Vendors pursuant to Resolution 3 under the Longreach Share Purchase Deed.

Schedule 1

Terms and Conditions of Vendor Options and Placement Options

1. Each option entitles the holder (**Optionholder**) to subscribe for one (1) fully paid ordinary Share in the Company (**Option**).
2. No amount is payable on grant of the Options.
3. The exercise price of each Option is $0.10.
4. Each Option may be exercised at any time before 5.00pm Perth, Western Australia local time on 31 July 2012 (**Expiry Date**). Any Option not exercised by the Expiry Date will automatically expire.
5. The Company must give the Optionholder a certificate or holding statement stating:
   (a) the number of Options issued to the Optionholder;
   (b) the exercise price of the Options; and
   (c) the date of issue of the Options.
6. The Options are transferable. Subject to the ASX Listing Rules and the Corporations Act, the Optionholder may transfer some or all of the Options at any time before the Expiry Date by:
   (a) a proper ASTC transfer or any other method permitted by the Corporations Act; or
   (b) a prescribed instrument of transfer.
7. 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 Optionholders 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.
8. The Company will apply to ASX for official quotation of the Options.
9. The Company will apply to ASX for official quotation of the Shares issued on exercise of Options.
10. The Optionholder 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 Optionholder notice of the proposed terms of the issue or offer in accordance with ASX Listing Rules.
11. 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 Optionholder would have received if the Optionholder had exercised the Option before the record date for determining entitlements to the issue.
12. 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.
13. If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Optionholder (including the number of Options to which the Optionholder 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.

14. 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 Optionholder.

15. The Company must, within a reasonable period, give to the Optionholder notice of any change to the exercise price of any Options held by the Optionholder or the number of Shares which the Optionholder is entitled to subscribe for on exercise of an Option.

16. To exercise Options, the Optionholder must give the Company or its share registry, at the same time:

    (a) 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;

    (b) 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

    (c) any certificate for the Options.

17. The Optionholder may only exercise Options in multiples of 5000 Options unless the Optionholder exercises all Options held by the Optionholder.

18. Options will be deemed to have been exercised on the date the exercise notice is lodged with the Directors of the Company.

19. If the Optionholder exercises less than the total number of Options registered in the Optionholder's name:

    (a) the Optionholder must surrender their Option certificate (if any); and

    (b) the Company must cancel the Option certificate (if any) and issue the Optionholder a new Option certificate or Holding Statement stating the remaining number of Options held by the Optionholder.

20. Within ten (10) days after receiving an application for exercise of Options and payment by the Optionholder of the exercise price, the Company must issue the Optionholder the number of Shares specified in the application.

21. 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.

22. These terms and the rights and obligations of the Optionholder are governed by the laws of Western Australia. The Optionholder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

Schedule 2
Terms of Performance Shares

1. The Company agrees to allot and issue the Performance Shares to the Vendors on the terms and conditions contained in this Schedule.

2. In this Schedule:

   (a) **40 Cents Milestone** means the volume weighted average share price of the Exoma Shares quoted on the 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 the 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 the 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 Placement 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 placement 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 Placement Shares) on issue immediately prior to Completion (as that term is defined in the Share Sale Agreement)) in the percentages and to the parties specified in column 5 of Schedule 1;

(q) **Tranche 1 Milestone** means the satisfaction of any of:

(i) the Farmin Agreement Milestone;

(ii) the Private Placement 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 3.1, 3.4 and 3.5 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 3.2, 3.4 and 3.5 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 3.3, 3.4 and 3.5 of this Schedule.

3. Conversion

The Performance Shares will convert into Exoma Shares in accordance with this clause 3.

3.1. Conversion of Tranche 1 Performance Shares

(a) Subject to clause 3.6 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 Placement 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 placement of Exoma Shares and the sum of the placement 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 placement (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 3.4 of this Schedule.

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

Subject to clause 3.6 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.

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

Subject to clause 3.6 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.

3.4. **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 3.1 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.

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

Subject to clause 3.6 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.

3.6. **Takeover Provisions**

(a) If the conversion of Performance Shares (or part thereof) under clauses 3.1 to 3.5 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 3 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 3 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 3 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 3 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 3 of this Schedule will not result in any person being in contravention of Section 606(1).

3.7. 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.

4. 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.

5. 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.

6. 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.

7. Non-transferable

The Performance Shares are not transferrable.

8. 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 9.

9. 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.

10. No dividend entitlement

The Performance Shares are not entitled to any dividends declared. Exoma Shares issued on the conversion of Performance Shares on or before the record date for determining a dividend entitlement will be entitled to the relevant dividend.

11. 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.

12. 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.

13. 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.

PROXY FORM

APPOINTMENT OF PROXY

EXOMA ENERGY LIMITED
ACN 125 943 240

GENERAL MEETING

I/We above being a member of Exoma Energy Limited entitled to attend and vote at the General Meeting, hereby Appoint (Name of proxy)

OR ☐ the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 10.00am (WST) on 27 July 2009 at the Celtic Club, 48 Ord Street West Perth Western Australia and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

☐ If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolutions 1, 3 and 4** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1, 3 and 4 and that votes cast by the Chair of the General Meeting for Resolutions 1, 3 and 4 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1, 3 and 4 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1, 3 and 4.

OR

Voting on Business of the General Meeting

	FOR	**AGAINST**	**ABSTAIN**
Resolution 1 – Change in nature and scale of Exoma's activities	☐	☐	☐
Resolution 2 – Issue of New Class of Shares	☐	☐	☐
Resolution 3 – Issue of Vendor Securities to Longreach Vendors	☐	☐	☐
Resolution 4 – Approval of Placement	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

Signature of Member(s):
Date: __________________

Individual or Member 1	**Member 2**	**Member 3**
Sole Director/Company Secretary	**Director**	**Director/Company Secretary**

Contact Name: ______________________Contact Ph (daytime): _______________________

EXOMA ENERGY LIMITED
ACN 125 943 240

Instructions for Completing 'Appointment of Proxy' Form

1. (**Appointing a Proxy**): A member entitled to attend and vote at an General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.

2. (**Direction to Vote**): A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.

3. (**Signing Instructions**):

   - (**Individual**): Where the holding is in one name, the member must sign.

   - (**Joint Holding**): Where the holding is in more than one name, all of the members should sign.

   - (**Power of Attorney**): If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

   - (**Companies**): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

4. (**Attending the Meeting**): Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.

5. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

   post to Exoma Energy Limited, PO Box 3445, Nedlands, Western Australia 6009

   by hand to Exoma Energy Limited, 47 Stirling Highway Nedlands Western Australia 6009; or

   (a) facsimile to the Company on facsimile number +61 8 8389 8700,

   so that it is received not later than 10.00am (WST) on 25 July 2009.
   Proxy forms received later than this time will be invalid.