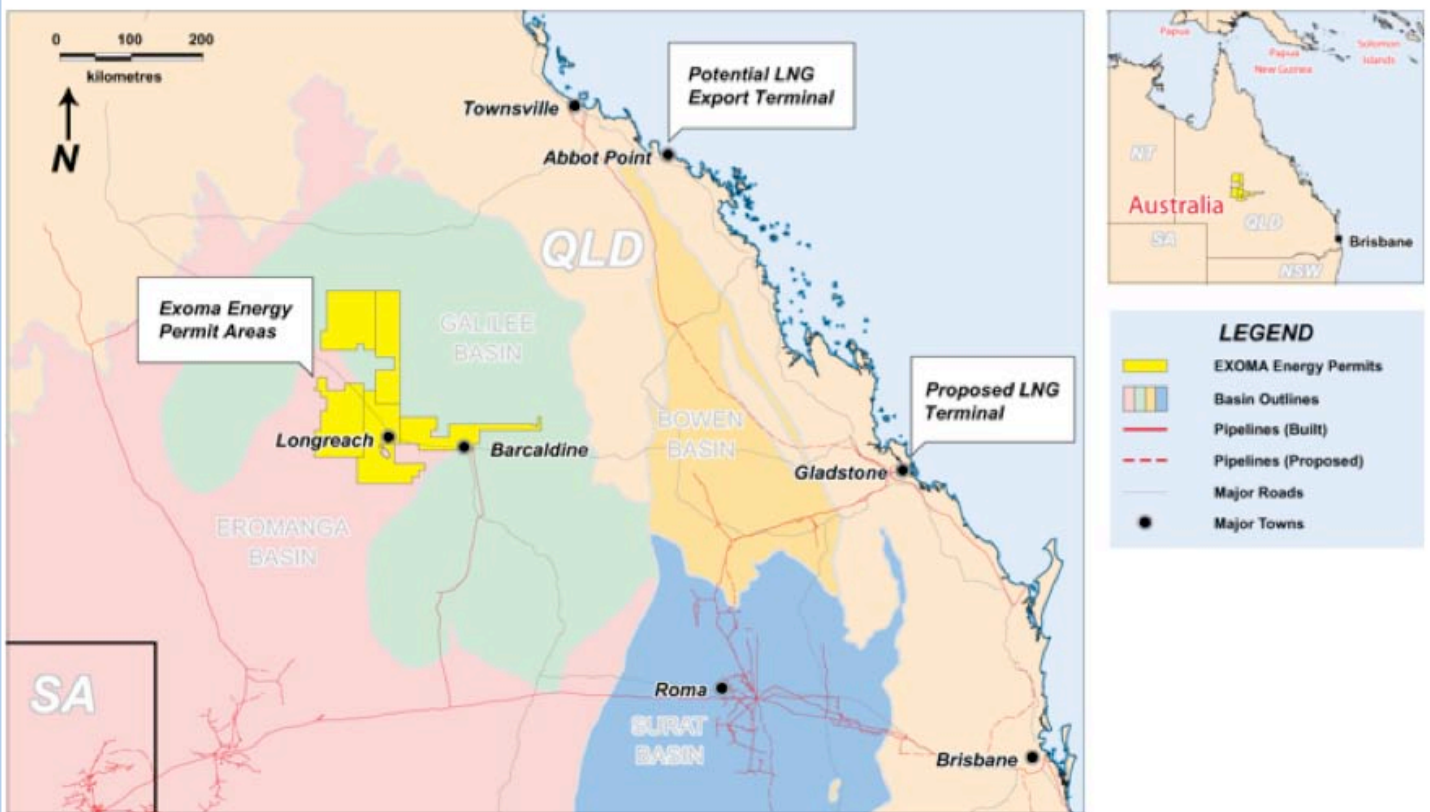


ASX Release

**EXOMA ENERGY LIMITED (EXE)  
QUARTERLY ACTIVITIES REPORT  
March 2011**

**QUARTER HIGHLIGHTS**

- CNOOC Farmin completed
- Tenders let and preparation underway for 2011 Drilling
- Institutional placement raises \$7.5 million



**Figure 1: Location map of Exoma's Galilee Basin permits.  
ATP 991P; ATP 996P; ATP 999P; ATP 1005P; ATP 1008P**

**OPERATIONS**

### **CNOOC Farmin**

On March 31, CNOOC Gas & Power Group formally advised that the consent of the Chinese Government Authorities has been received for the \$50 million farmin for a 50% interest in Exoma's five Galilee Basin CSG and Shale Gas permits. This was the last condition precedent to the farmin.

The Farm-in to Exoma's 26,840 km<sup>2</sup> of prospective Coal Seam Gas and Shale Gas tenements is CNOOC Gas & Power Group's (CNOOC) first overseas unconventional gas exploration project and is strategic to the securing of feed gas for future LNG projects.

The farmin brings major benefits to the Company and the Project through:

- Initial \$50 million funding of exploration expenditure;
- Strong focus on large scale gas field development;
- Strategic drive to develop export gas projects;
- Ready market for export gas;
- Access to CNOOC technical expertise at both the upstream & downstream level.

CNOOC additionally advised that Chinese Government Authority approval for a proposed placement of Exoma shares to CNOOC Gas & Power Group could not be obtained by the latest date for satisfaction of the Conditions Precedent (ie 1 April 2011.)

### **2011 Drilling Program**

During the March Quarter, Exoma completed the tender process for its 2011 drilling program and let the contracts for drilling and drilling services. The drilling contractor, Atlas Drilling, has been engaged to drill the first 10 wells in a program of up to 21 CSG and shale wells across the Galilee Basin ATP's.

Each of the wells will be cored and logged. The coal core will be laboratory tested for gas content, saturation and geomechanical properties and the wells will be drill stem tested to measure permeability. The shale core will be laboratory tested to determine hydrocarbon content, thermal maturity, lithology and geomechanical properties. Exoma does not expect to drill stem test the shale wells during the exploration campaign unless drilling shows evidence of natural fracturing.

The first well in the program, Saltern-1, is due to spud in early May.

Field work for landholder access agreements, cultural clearance and site access continued, with firm locations now agreed for the first 12 wells in the program. Discussions with landowners for access for the remainder of the program are under way and are progressing well.

### **Technical Studies**

During the Quarter Exoma progressed a number of important studies underpinning its 2011 exploration program. These included:

1. Review of North American shale gas core analysis methodology and practice and identification of laboratory services with the capacity to undertake this work. This has provided the basis of design for the shale-testing program for 2011.
2. Conclusion of a research support agreement with Queensland University of Technology (QUT). Exoma will finance and provide technical support to a PhD student studying the

hydrology of the Great Artesian Basin. This research will form part of the Joint Venture's analysis of the hydrology and hydrogeology of the Galilee Basin and regional aquifers.

## **SAFETY & ENVIRONMENT**

Exoma and its contractors experienced no lost time accidents during the quarter. None of Exoma's operations caused any adverse environmental impact.

## **CORPORATE**

The following capital market transactions have taken place since 31 December 2010.

- The holders of 13,294,009 of the EXEO 20 cent options, converted their options to shares by paying the exercise price. Other option holders, accounting for an additional 53,647,241 options, allowed their options to lapse.
- The final approval of the CNOOC joint venture satisfied the tranche one conditions of the performance shares. As a result the final tranche of 37,992,085 performance shares were converted to the same number of ordinary shares.

All performance conditions have now been met and all performance shares that were issued to the vendors of Longreach Number 2 Pty Ltd. have now been converted to ordinary shares.

- 10,000,000 ordinary shares, 3,000,000 of EXOA Options and 2,000,000 of EXEAI Options were issued pursuant to a consulting fee agreement with Indian Ocean Capital.

On 8 April a placement was made of 37.5 million ordinary shares issued at 20 cents to raise working capital to support the forthcoming drilling operations. The placement included one free option for every 2 shares subscribed for. These 18.75 million new options are exercisable at 10 cents and expire on 30 September 2012.

A meeting of shareholders will be held to approve the issue of the options.

Brisbane: April 21 2011

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

EXOMA ENERGY LIMITED

ABN

56 125 943 240

Quarter ended ("current quarter")

31 March 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6... months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(615)	(1,050)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	20	73
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(804)	(2,770)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) other fixed assets	(84)	(103)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
	(84)	(103)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(888)	(2,873)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(888)	(2,873)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	2,415	4,532
1.15	Payments for prospectus		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Proceeds from forward cover deposit		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	2,415	4,532
	<b>Net increase (decrease) in cash held</b>	1,527	1,659
1.20	Cash at beginning of quarter/year to date	2,512	2,380
1.21	Exchange rate adjustments to item 1.20		
		4,039	4,039
1.22	<b>Cash at end of quarter</b>		

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	84
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors fees \$80 thousand  
and Consulting fees paid to directors based on special project hours \$4 thousand

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation (All \$5.6 million of JV expenditure to be met by farminee)	0
4.2 Development	
4.3 Production	
4.4 Administration	588
<b>Total</b>	<b>588</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,761	561
5.2 Deposits at call	1,278	1,951
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4,039</b>	<b>2,512</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NA		
6.2	Interests in mining tenements acquired or increased	NA		

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference + securities</b> <i>(description)</i>	Nil		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	379,357,759	379,357,759	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	13,294,009 37,992,085 10,000,000	13,294,009 37,992,085 10,000,000	20 Cents 20 Cents 20 Cents
7.5	<b>+Convertible Performance Shares</b> <i>(description)</i>			20 Cents Options exercised Conversion of performance shares Settlement of consulting agreement

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.7	<b>Options</b> - (description and conversion factor)	149,876,250 9,380,000	149,876,250	Exercise price 10 cents Incentive Options	Expiry date 30.09.2012 Various dates
7.8	Issued during quarter	3,000,000 2,000,000	3,000,000	10 cents Incentive Options Various prices	30.09.2012 Various dates
7.9	Exercised during quarter	13,294,009	13,294,009	20 Cents	
7.10	Expired during quarter	53,647,241	53,647,241	20 Cents	
7.11	<b>Debentures</b> (totals only)	Nil			
7.12	<b>Unsecured notes</b> (totals only)	Nil			

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: ..... Date: .....  
(Director/Company secretary)

Print name: .....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash

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+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

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position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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