



MEO Australia Limited

ABN 43 066 447 952

Tel:
Level 17 Fax:
500 Collins Street
Melbourne Victoria 3000 Australia

+61 (0)3 9614 0430
+61 (0)3 9614 0660
Email: admin@meoaustralia.com.au
Website: www.meoaustralia.com.au

ASX AND MEDIA RELEASE

Major Project Facilitation (MPF) Status granted for Tassie Shoal projects

MELBOURNE, AUSTRALIA (7th May, 2009) -- MEO Australia Limited (ASX: MEO) advises that the Federal Government's decision to renew Major Project Facilitation status for the Tassie Shoal Methanol Project and the Timor Sea LNG Project will help in new plans to develop these projects.

CEO and Managing Director of MEO Australia, Jürgen Hendrich, said the decision by the Minister for Infrastructure, Transport, Regional Development and Local government, the Hon Anthony Albanese, showed confidence in MEO's plans to develop Tassie Shoal as a hub for the commercialisation of surrounding gas fields.

"Our projects involve positioning pre-built production and storage facilities on Tassie Shoal. The methanol plant and LNG storage tank will be built on concrete gravity structures which will be towed to the site and water ballasted to rest on the shoal while the small footprint LNG plant will be pre-built on a self erecting platform." said Jürgen.

"Tassie Shoal has many benefits for this type of development. It is an area of shallow water in undisputed Australian waters about 275 kilometres north-west of Darwin and is surrounded by approximately 25 Tcf of undeveloped gas fields within a 150 km radius."

While much of this surrounding stranded gas is medium to high CO₂ (10 – 25%), the methanol project will use a process which operates most efficiently with a feed gas stream containing 25% CO₂.

MEO's Tassie Shoal will have environmental benefits in that the Methanol process will absorb CO₂ which would normally be vented from the LNG component of the project. In effect, it will act as a carbon sink and therefore reduce its carbon footprint.

The CO₂ is converted into methanol of which around 80% is used to produce highly stable end use products such as adhesives, fabrics, paints and silicones, effectively sequestering the CO₂ into methanol derivative products.

Several companies with undeveloped gas resources in the region would be able to benefit from utilising MEO's Tassie Shoal project as a development hub. It has the potential to provide an integrated solution which not only avoids the billion dollar expense of a pipeline to Darwin and the technological uncertainties of floating LNG but also can also effectively deal with the CO₂ in their gas.

While MEO propose that the LNG and Methanol production modules and storage tanks will be manufactured in Asia and transported to Tassie Shoal, many of the ancillary components could be manufactured in Australia. MEO has estimated that the Australian content of the projects' components could be as high as A\$200 million.

The operation of the projects would be staffed from Darwin and each would generate approximately 110 direct full time jobs. Darwin would also act as the supply centre for the projects, with goods and services being supplied to the projects by boat and helicopter. Ancillary services associated with the projects would offer considerable opportunities for the participation of local businesses in Darwin. It is estimated that each project would generate up to 500 local jobs during the construction stage. The development of upstream facilities would generate a similar number of jobs during the construction.

“The Tassie Shoal projects have the potential to markedly increase Australia’s export income,” said Jürgen Hendrich.

Hand-in-hand with MPF is Tassie Shoal’s environmental credentials. MEO has already secured the necessary environmental approvals to install and operate two 1.75 Mtpa methanol plants and one 3.0 Mtpa LNG plant at Tassie Shoal.

“As well as the potential to utilise gas from other companies, we are progressing with plans to develop our own gas resources in the NT/P68 permit which is immediately adjacent to Tassie Shoal. Drilling the Blackwood-1 and Heron-2 wells in this permit both led to gas discoveries in 2008,” said Jürgen Hendrich.

“MEO is currently in the process of farming out a portion of our 90-100% interest in NT/P68 to fund the drilling of additional wells in the permit in 2010.”

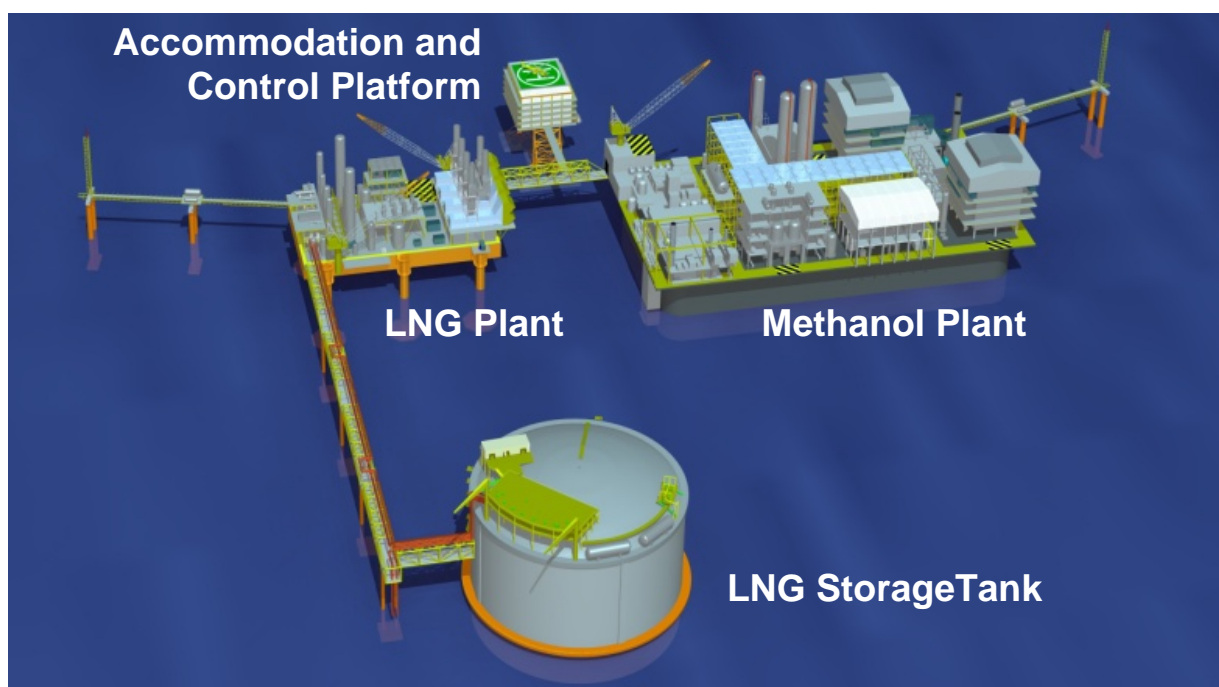
“All this points to an exciting future for the development of Tassie Shoal.”



Jürgen Hendrich

Managing Director & Chief Executive Officer
MEO Australia Limited

Proposed Development Concept



MEDIA RELEASE

The Hon Anthony Albanese MP

Minister for Infrastructure, Transport,
Regional Development and Local Government



07 May 2009
AA155/2009

RENEWAL OF MAJOR PROJECT FACILITATION FOR MEO AUSTRALIA

I have renewed the Major Project Facilitation (MPF) status of MEO Australia, underscoring the Government's effort to support major new private sector investment during the current global recession.

The company's Timor Sea LNG and the Tassie Shoal Methanol projects involve developing gas accumulations in close proximity to Tassie Shoal, an area of shallow water in the Bonaparte Basin approximately 275 km North West of Darwin.

MEO is currently conducting further technical appraisals of its exploration lease adjoining Tassie Shoal, as well as approaching potential gas suppliers in the region in an effort to secure suitable feed gas for the projects. Depending on the quality and quantity of the available gas, the projects could proceed independently or as an integrated facility.

Each project is expected to generate approximately 500 jobs during construction and around 110 direct ongoing jobs.

MPF program is administered by my Department, with the purpose of facilitating and supporting private sector investment proposals through the approval processes of Federal and state/territory authorities. It also assists with the early identification of impediments to greater private sector investment.

Media Contacts

Jeff Singleton (0410 476 890)

BACKGROUND

The Major Project Facilitation program is administered by the Department of Infrastructure, Transport, Regional Development and Local Government.

Under the program, the Department provides the project with a facilitation service to achieve quick and timely assistance from the Australian Government. The service ensures:

- Access to information on government approval processes;
- All relevant government processes are coordinated, including those of state and territory governments, so that as far as possible they occur simultaneously and

- without duplication;
- Government agencies respond promptly to issues raised by the project proponent during the approval process; and
 - Assistance in identifying and accessing government programs is provided.

MPF status does not imply any Government guarantee for the commercial success or otherwise of the project, nor does it absolve the project from meeting less than the full statutory and other requisite criteria of relevant approval processes.

Proponents may apply to the Minister for MPF status if their proposed project meets the following three criteria:

1. The project is of strategic significance to Australia:
 - The project will significantly boost Australian industry innovation.
 - a. Increasing research and development (R&D) and commercialisation capability; and/or
 - b. A new application of skills and knowledge; and/or
 - c. Technology transfer; and/or
 - d. Cluster development.
 - Or, the project will have significant net economic benefit for regional Australia, taking account of a regions investment needs.
 - Or, the projects estimated investment exceeds A\$50 million and makes a significant contribution to economic growth, employment and/or infrastructure.
2. Requires Australian Government approval(s) in order to proceed and/or significant Australian Government involvement through, for example, other Federal programs.
3. Has sufficient financial resources to complete the Australian Government approval(s) process and can demonstrate the reasonable commercial viability of the project.

Further details on the program are available from the Major Project Facilitation Unit with the Infrastructure Department: GPO Box 594, CANBERRA, 2601 or telephone +61 2 6274 7251.

URL: http://www.minister.infrastructure.gov.au/aa/releases/2009/May/AA155_2009.htm