



Methanol

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Company Update – July 2006

Chris Hart, Managing Director

MEO Strategy

- Focused on the development of offshore GTL projects that are strategically located in heart of emerging gas province & close to major Asian growth markets for LNG and methanol:
 - Tassie Shoal Methanol Project (TSMP) - 50%
 - 2 x 1.8 Mtpa plants approved
 - JDA with Air Products
 - Timor Sea LNG Project (TSLNGP) - 100%
 - 1 x 3 Mtpa LNG plant and storage tank
 - Strategic upstream interest: NT/P68 - 100%
 - Epenarra discovery well: Heron-1
- GTL projects have 50 year EIA approvals



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Emerging Gas Province

BONAPARTE BASIN

- Greater Sunrise: 8.4 Tcf
- Evans Shoal: 6.6 Tcf (CO₂)
- Abadi: 5 Tcf (CO₂)
- Caldita: 2.9 Tcf (CO₂)
- Barossa (Lynedoch): 1.5 Tcf (CO₂)
- Other potential gas:
 - Evans Shoal Sth (CO₂?)
- Potential NT/P68 resources:
 - Epenarra: 3 Tcf
 - Heron Nth & Sth: 3.5 Tcf (CO₂?)
 - Blackwood: 2 Tcf
 - Seahawk: 1.4 Tcf



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Methanol & LNG Projects on Shoal

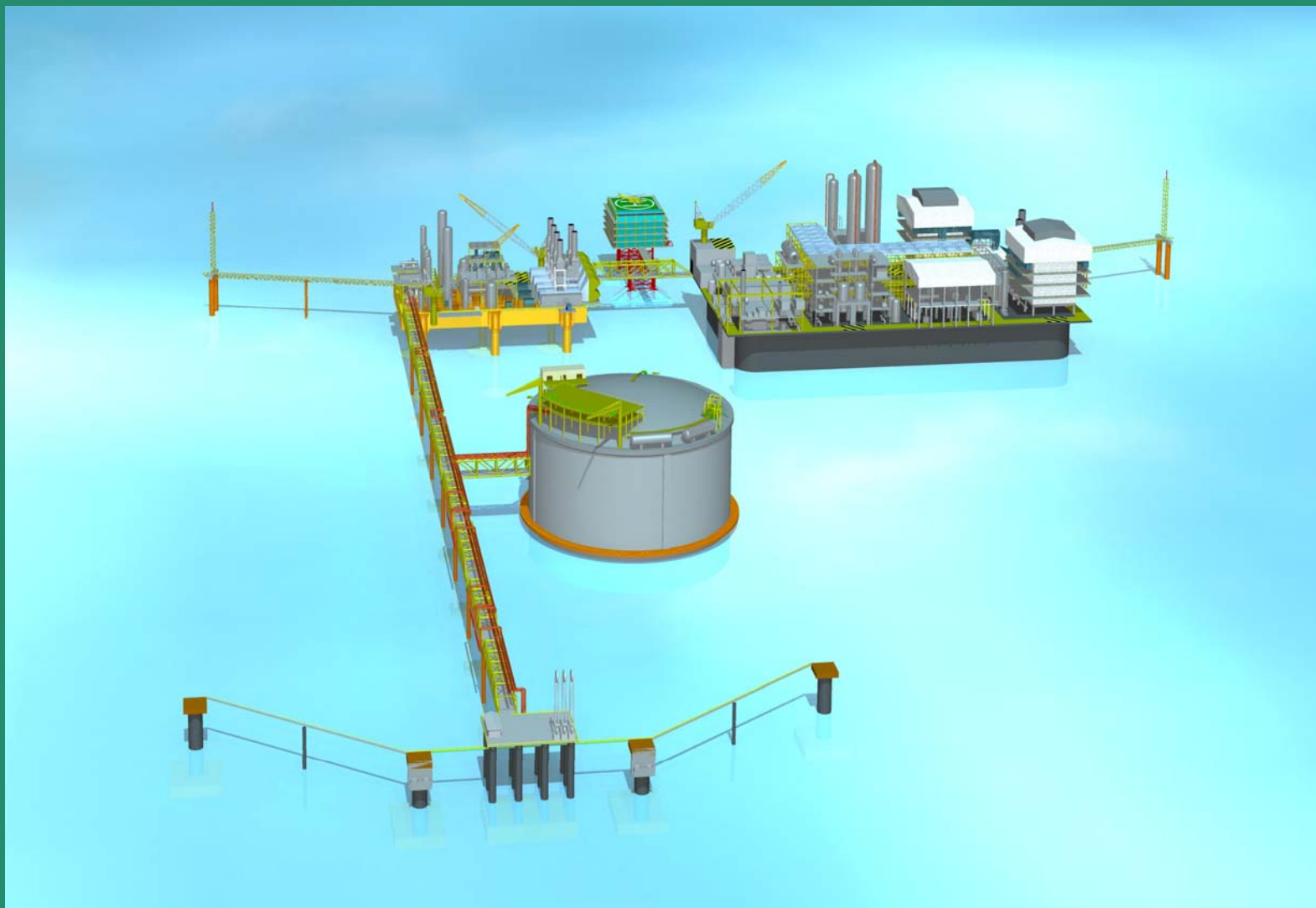


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Proposed Tassie Shoal GTL Projects



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Status of GTL Projects

- **Tassie Shoal Methanol Project (US\$835m, est.) – 50%**
 - 2 x 1.8 Mtpa plants approved
 - Proven technology: Davy Process
 - Continued strong MEOH demand – US\$300/t
 - Lowest quartile production costs
 - Secure gas supply: FEED/EPC commences
 - First production possible mid 2010*
- **Timor Sea LNG Project (US\$988m, est.) – 100%**
 - 3+ Mtpa LNG plant approved
 - Proven technology: Air Products DMR
 - GBS LNG tank: conventional 9% nickel steel
 - Estimated plant Capex US\$195 per tonne of annual production
 - First production possible late 2011*

- * *dependent on gas supply*



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Indicative Equity Case Financial Model Result Highlights

TSMF

NPV Analysis

10%

BTax	US\$588M
ATax	US\$355M

TSLNGP

NPV Analysis

10%

BTax	US\$1,624M
ATax	US\$1,052M



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ROBUST ECONOMICS

Equity Case Financial Model

Key Assumptions for TSMP and TSLNGP

	TSMP	TSLNGP
• Capital Cost-	US\$835 Million	US\$988 Million
• Operation Days-	350 days pa	345 days pa
• Production Rate-	1.8 Mtpa	3 Mtpa
• Input gas price-	US\$1.26/GJ	US\$1.35/GJ
• Commodity Price-	US\$200/t (MEOH)	US\$232/t (US\$4.50/MMbtu)
• Inflation Factor-	US CPI 2% pa	
• Tax Rate-	Corp. Tax Rate 30%	



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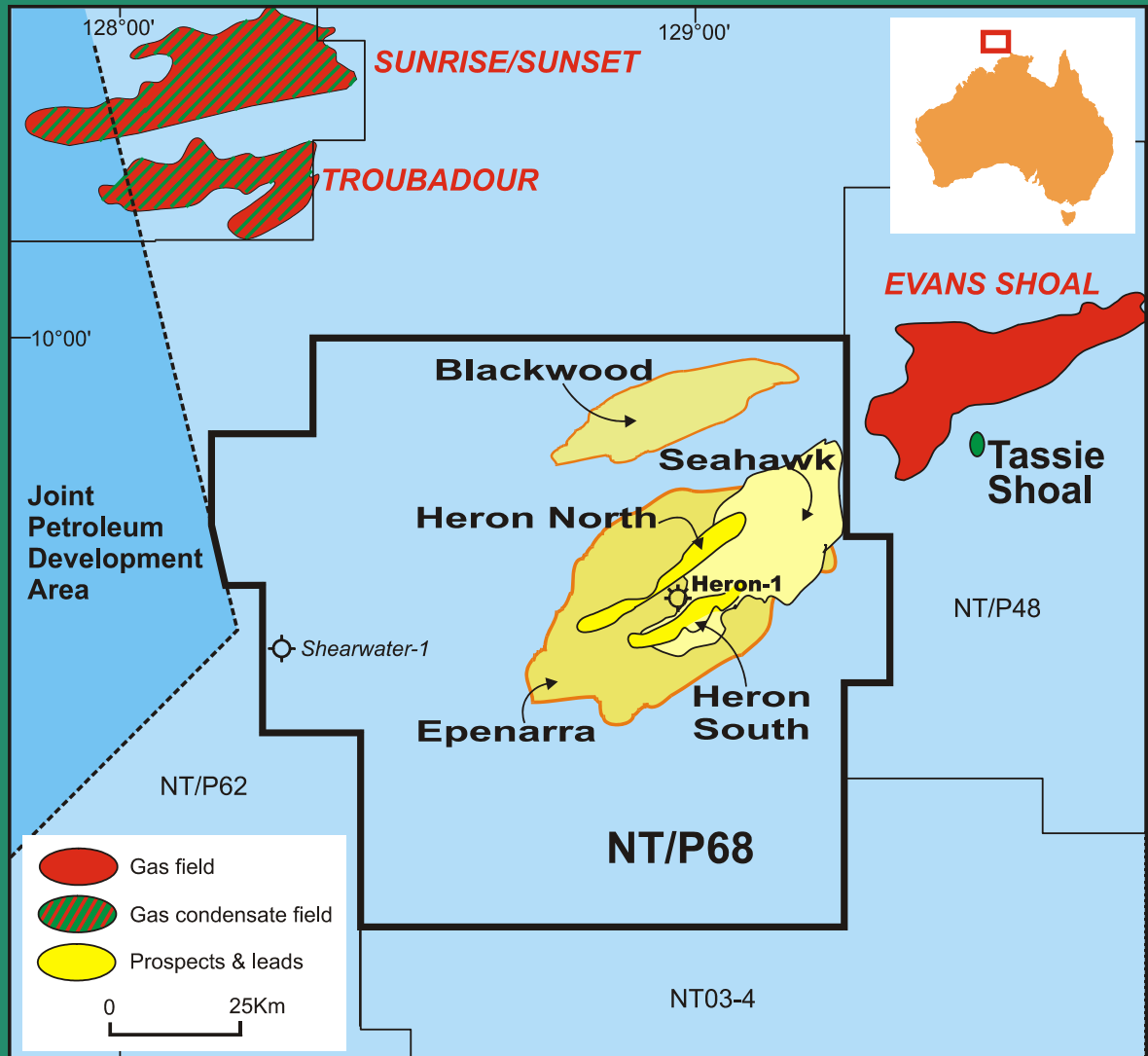
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Exploration Permit NT/P68 – MEO 100%

Current Permit activities

- 2D infill over Blackwood
- 3D over Epenarra
- Engineer wells
- Securing rig to drill 2 wells late 2007

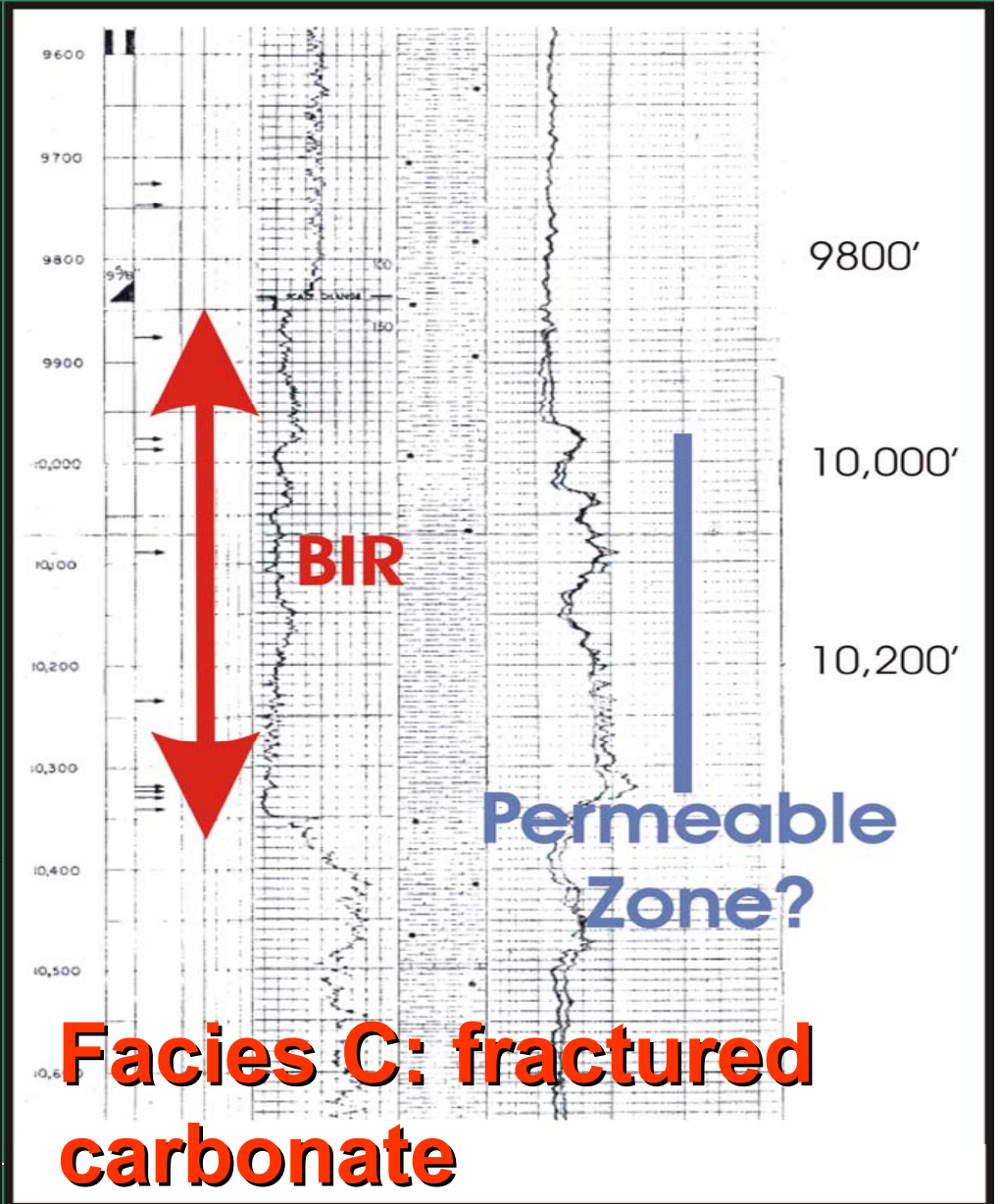
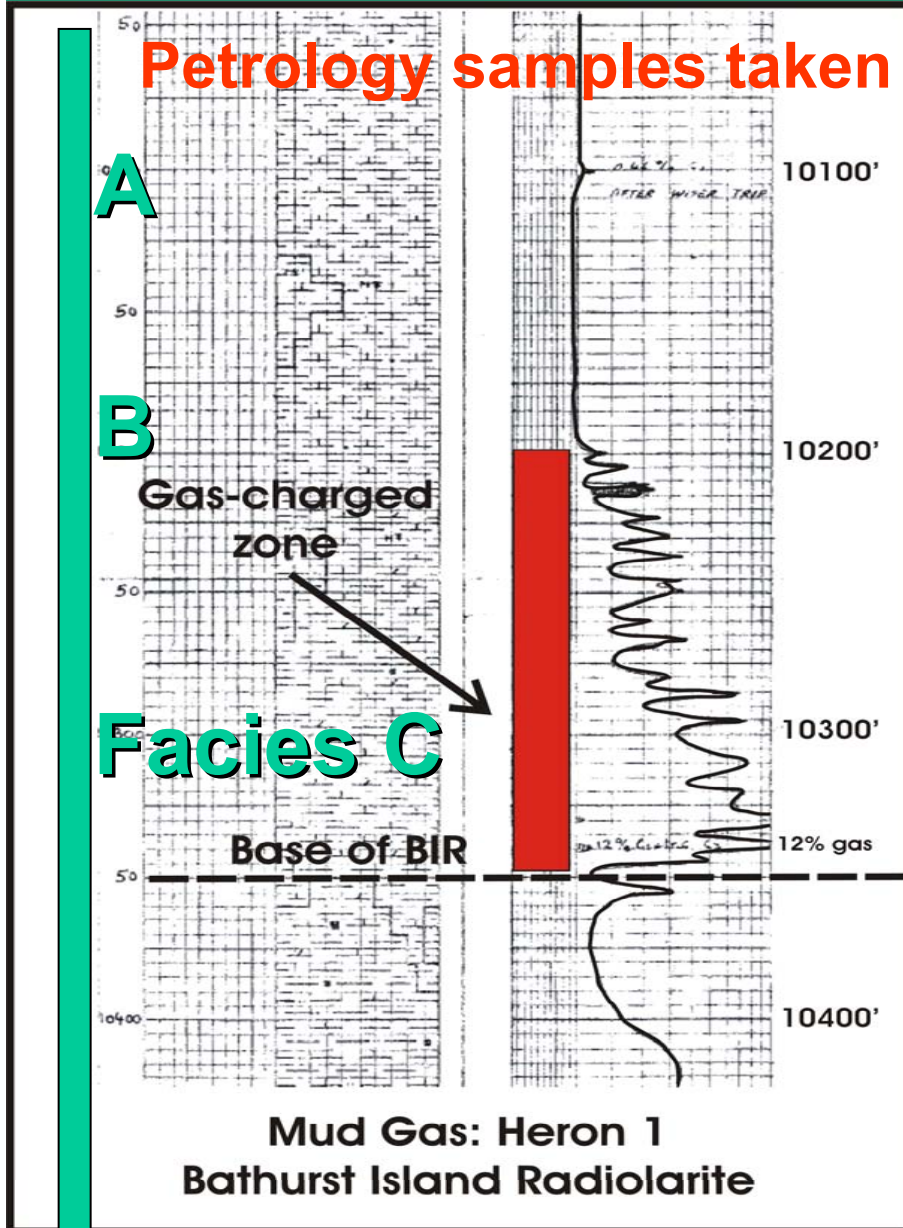


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Heron-1 Log: Gas discovery, Darwin F.



NT/P68 Prospectivity

- **Seahawk Prospect**
 - Vee Formation (1,200 m)
 - P50: 2 Tcf GIIP*, oil potential
- **Epenarra Prospect**
 - 50m gas bearing zone confirmed by Heron-1
 - Darwin Formation (3,000 m)
 - 1,200 sq km of mapped closure
 - P50: 6 Tcf GIIP, likely wet, low CO₂
- **Plover Plays**
 - Blackwood lead (3,300m, P50: 3+ Tcf GIIP)
 - Heron North & South (4,000m, P50: 3.5 Tcf GIIP)



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* *GIIP is an estimate of gas initially in place*

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Strategic Summary

- **Must secure gas for GTL projects**
 - Ensure timely development of projects
- **Potential for high quality, liquids rich, low CO₂ gas in NT/P68**
- **Only approved Australian greenfield LNG project**
- **MEO retains 100% interest in the potential for 3+ Mtpa of LNG production**
- **Farmout strategy gives away control of gas**
 - Regional alliances focused on Darwin LNG



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Cambrian Funding Strategy

- **MEO retains control of present interests**
- **Fund 2D & 3D seismic acquisition via:**
 - **Sale of Trustee shares: \$1.1M**
 - **Placement: \$3.2M**
 - **1:4 Rights Issue plus 1:1 option: \$8.7M**
- **Drill ready status for Epenarra, Seahawk & Blackwood**
- **Drilling of 2 wells planned for late 2007**



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