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energy for the future

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ASX Small-Mid Caps Conference, London

19th March 2009

Jürgen Hendrich, Managing Director & Chief Executive Officer

Investment parameters

Solid foundations to leverage potential value in portfolio

Criteria	Evidence	Remarks
Experienced board	Newly appointed in 2008	Strong industry connections
Management depth	Enhanced in 2008	High calibre
Viable Niche		
Monetising stranded gas CO_2 & distance challenged	Tassie Shoal GTL projects incl Environmental Approvals	Currently securing gas supplies via own NT/P68 discoveries & 3rd party
Focused exploration New concepts in established areas via proven analogues	Secured 3 North West Shelf permits late 2007. Acquired & interpreted 3D seismic	Drilled WA-361-P (unsuccessful) Working up Artemis prospect in WA-360-P for 2Q'09 farm-out
Material gas projects	Robust economics	Clear commercialisation path
Balance sheet capacity	Cash reserves	Drilling funding via industry partners
Activity	Establishing technical & commercial foundation	Planning >3 wells in 2010 subject to farm-out process commencing 2Q'09
Value proposition	Demonstrable leverage	Value accretion as milestones met

Board of directors rejuvenated in 2008

Extensive industry and capital market experience

 Appointed May 2008	**Nick Heath** Non-Executive Chairman *Engineer*		>30 yrs career with ExxonMobil Past APPEA president
Jürgen Hendrich MD & CEO *Geologist, Investment Banking -JBW & Tolhurst*	Stephen Hopley Non-executive director *Financial Services*	Greg Short Non-executive director *Geologist*	Michael Sweeney Non-executive director *Barrister*
			
Appointed MD July 2008 12 yr career with Esso Australia Ltd (ExxonMobil subsidiary)	Appointed October 2008 14 yr career with Macquarie Bank until retired in 2003	Appointed July2008 33 yr career with ExxonMobil until retirement in 2006	Appointed October 2008 10 yr career as senior executive with Mitsui/Mitsubishi

Management depth enhanced in 2008

Focused on technical and commercial excellence

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 Appointed June 2008	**Jürgen Hendrich** Chief Executive Officer *Geologist* *Investment Banking –GS-JBW & Tolhurst*		Appointed CEO June 2008 12 yr career with Esso Australia Ltd (ExxonMobil subsidiary)
Colin Naylor CFO/Company Secy	**Robert Gard** Commercial Manager	**Dave Maughan** Exploration Manager	**Ken Hendrick** Implementation Manager
			
30 yr career Woodside, BHP, Rio	22 yr career with ExxonMobil	35 yr career with ExxonMobil	>40 yr career Extensive experience
John Robert Project Engineering	**Geoff Geary** Seismic Interpretation	**John Moore** Geophysical Applications	**Chris Hart** Founder
			
>40 yr career 15 yrs in Methanol	30+ yrs Proven resource finder	>40 yrs experience ExxonMobil & others	Founded MEO in 1994

Substantial gas dominated portfolio

High equity position in established LNG provinces

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Bonaparte Basin

- Tassie Shoal (50%-90%) Approved GTL Projects
- Environmental Approvals EPBC Act (1999) (til 2052)
- TS Methanol Project 2 x 1.75 Mtpa plants (50/50 JDA with APCI)
- TSLNG Project 1 x 3 Mtpa plant (90%)
- NT/P68 (90%-100%) 12,070 km^2
- Heron North (90%) Gas Discovery
- Blackwood (100%) Gas Discovery
- Heron South Prospect
- Epenarra Prospect

3.7 Mtpa existing LNG capacity
>25 Tcf stranded gas

Carnarvon Basin

- WA-361-P (35%)
- Heracles Lead (2+ Tcf GIP)
- Hephaestus S Lead
- WA-360-P (70%) Drill/drop 31-Dec-09
- Artemis Prospect (>5 Tcf GIP)
- Lady Nora - extn
- West Zeus - Lead
- Eris Lead
- Hebe Lead
- Amphion Lead
- Ersa Lead
- Pandia Lead
- WA-359-P (60-70%) Drill/drop 31-Dec-09
- Hephaestus N Lead

16.3 Mtpa existing LNG capacity
4.3 Mtpa under construction
20-35+ Mtpa under consideration

Economics of gas commercialisation

High quality gas has already been cherry-picked

Parameter	Preference
Distance - From infrastucture	Minimal
Gas quality	
- Natural Gas Liquids - CO_2	Prefer high levels – adds to revenue stream Prefer nil/low – reduces handling/sequestration costs
Water depth	Prefer shallow water - Deep water increases costs
Disputed territory	Prefer to be in clear sovereign waters
Joint Venture Priorities	Prefer to be aligned without competing project complexities

Remaining resources are challenged by quality and distance issues
Blending resources of varying quality will enhance the economic resource pool, especially if proximal to a development hub (ie Tassie Shoal)

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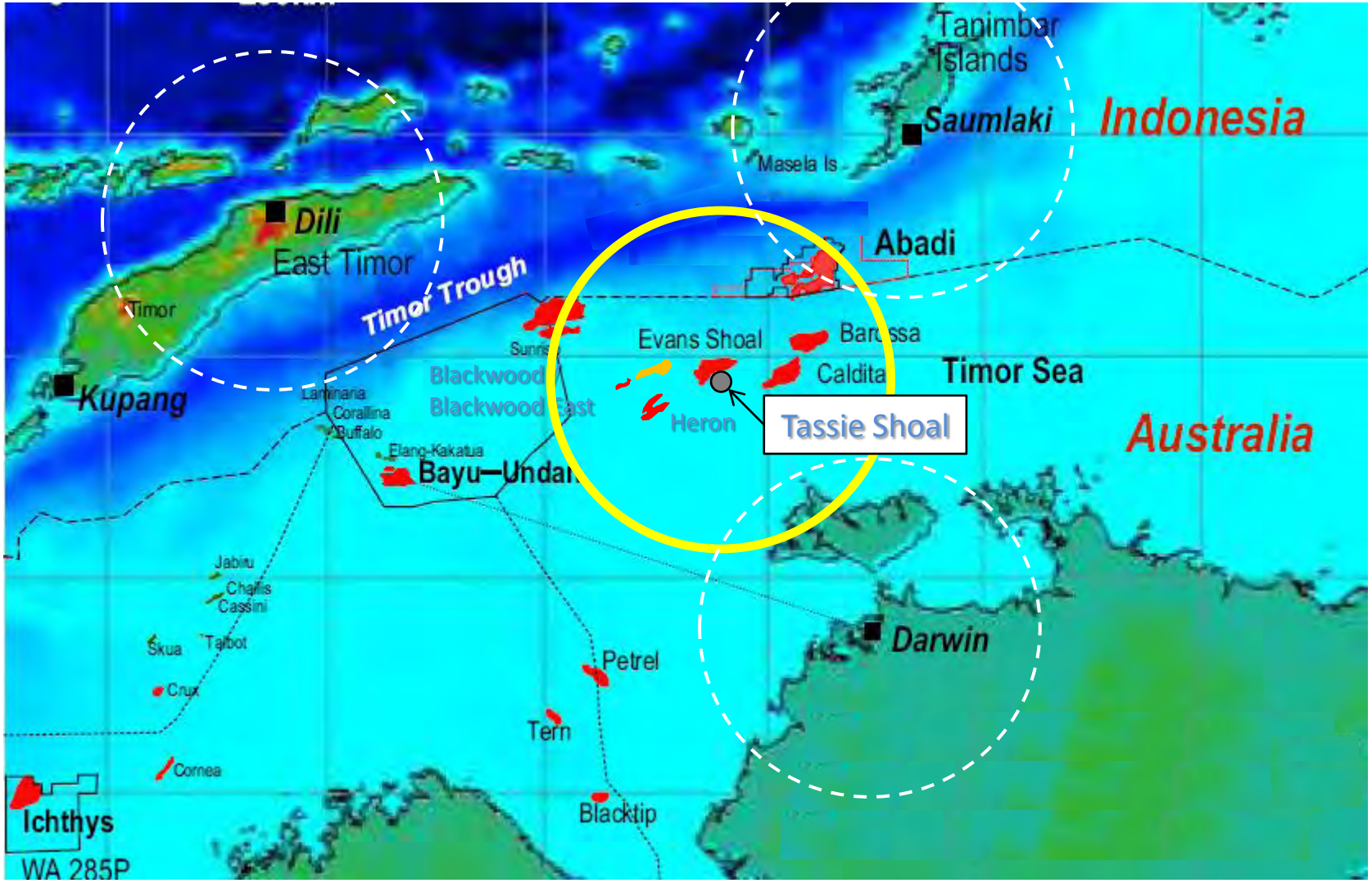
Remote Bonaparte Basin gas fields

Land based development options have limitations



Monetising CO_2/distance challenged gas

Tassie Shoal – the natural hub for stranded Bonaparte gas

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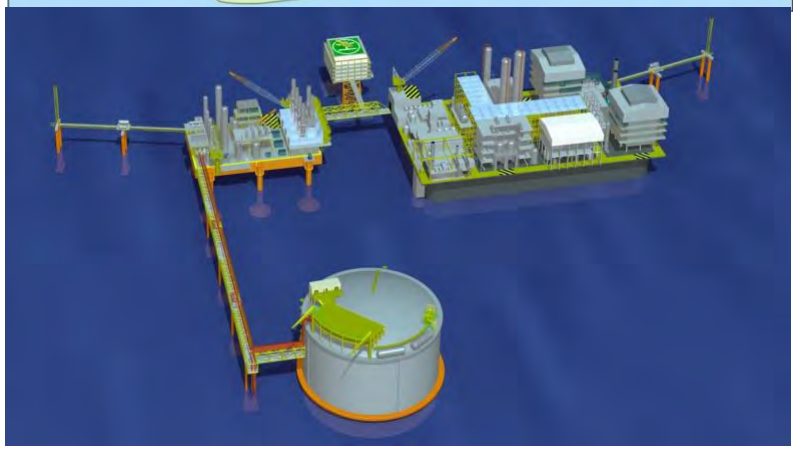

Tassie Shoal – a natural hub

-1,000+ acres at sub-20m water depth

-Proximal to **ALL** undeveloped gas fields (~25 Tcf)

-CO_2 sequestered into Methanol derivatives

-CO_2 expense converted to income (methanol)

-Eliminates need for long (uneconomic) pipelines

-Lower technical & commercial risk than FLNG

Environmental approvals in place

-granted until 2052 for:

-2 x 5,000 tpd (1.75 Mtpa) Methanol plants

-1 x 3 Mtpa (easily expands to 3.5 Mtpa) LNG plant

Substantial CAPEX savings

-SE Asian pre-fabrication/pre-commission

-Sea-water cooled LNG plant (smaller footprint)

Robust economics

-Lower sailing days to/from SE Asia = freight advantage

Gas supply options for approved projects

Own discoveries &/or stranded 3rd party gas

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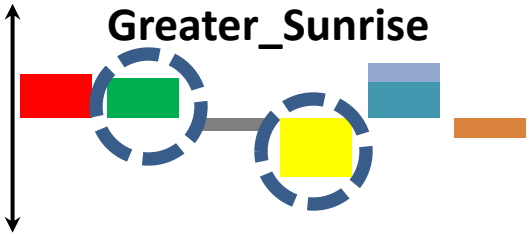
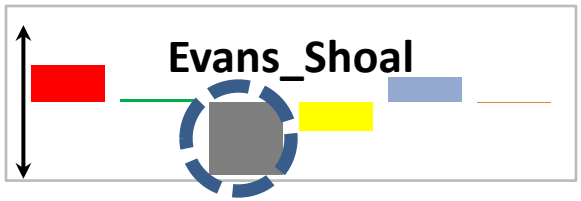
Greater Sunrise (FLNG? Land? Tassie Shoal?) (Woodside/Shell/ConocoPhillips)		
~5.4 TCF	3% CO_2	40 bbl/mmscf

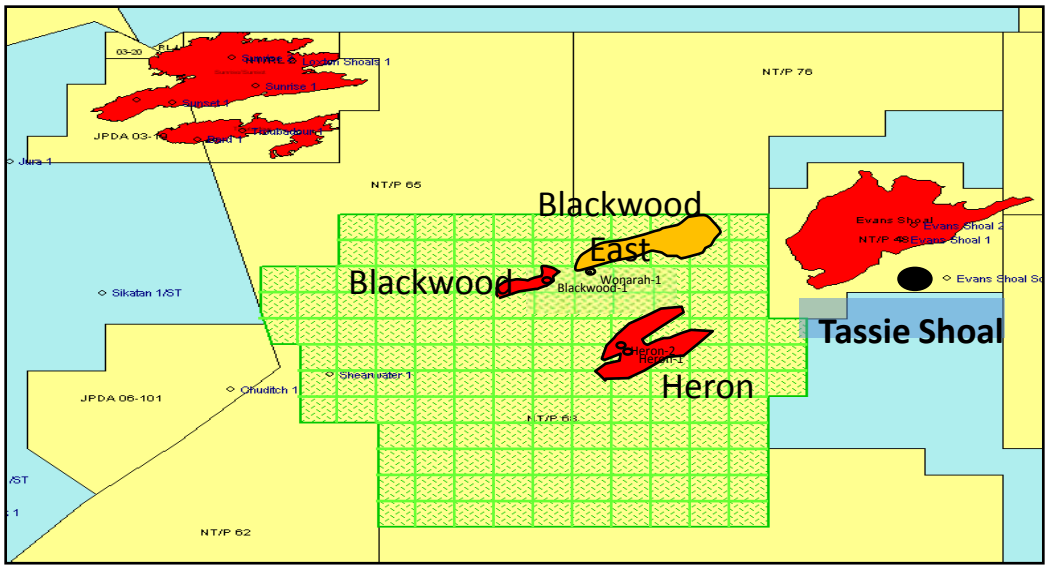
-High liquids, modest CO_2 but remote, disputed territory

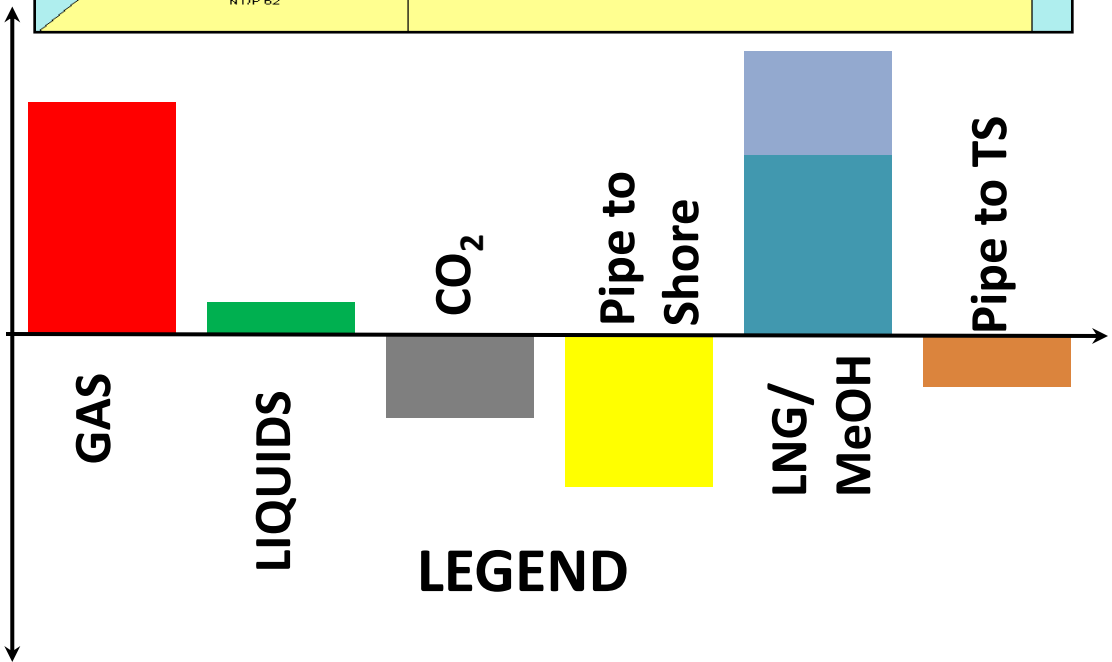


Evans Shoal (Product?) (Santos, Shell, Petronas, Osaka Gas)		
~6+TCF	25% CO_2	4 bbl/mmscf

-Low liquids, high CO_2 remote







Tassie Shoal Economics

Compelling savings over alternative land-based LNG

Estimated costs * (US$m)	Tassie Shoal LNG	Land-based LNG	Potential Savings (US$m)
Liquefaction plant	$1,070	$1,549	$479
Pipeline to facility	$288	$943	$655
LNG storage tank	$308	$300	($8)
Jetty/Loadout	$236	$200	($36)
Project/Owners Costs (8.5%)	$161	$252	$91
Total Project Cost	**$2063**	**$3,244**	**$1,181**

* 3Q'08 3rd party cost estimates – savings accrue via:
  - Substantial reduction of expensive pipeline distances
  - Smaller infrastructure footprint due to sea-water cooling (less steel!)
  - Pre-fabrication/pre-commissioning as one module transported to site

NT/P68 2008 gas discoveries

Appraisal drilling planned for 2010

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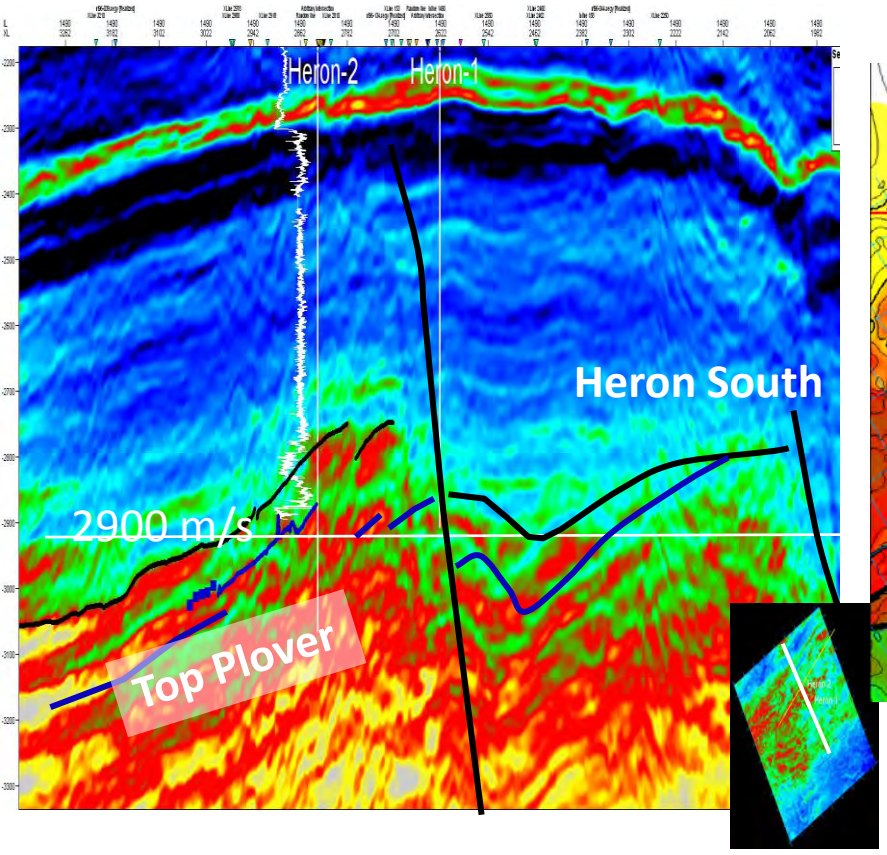
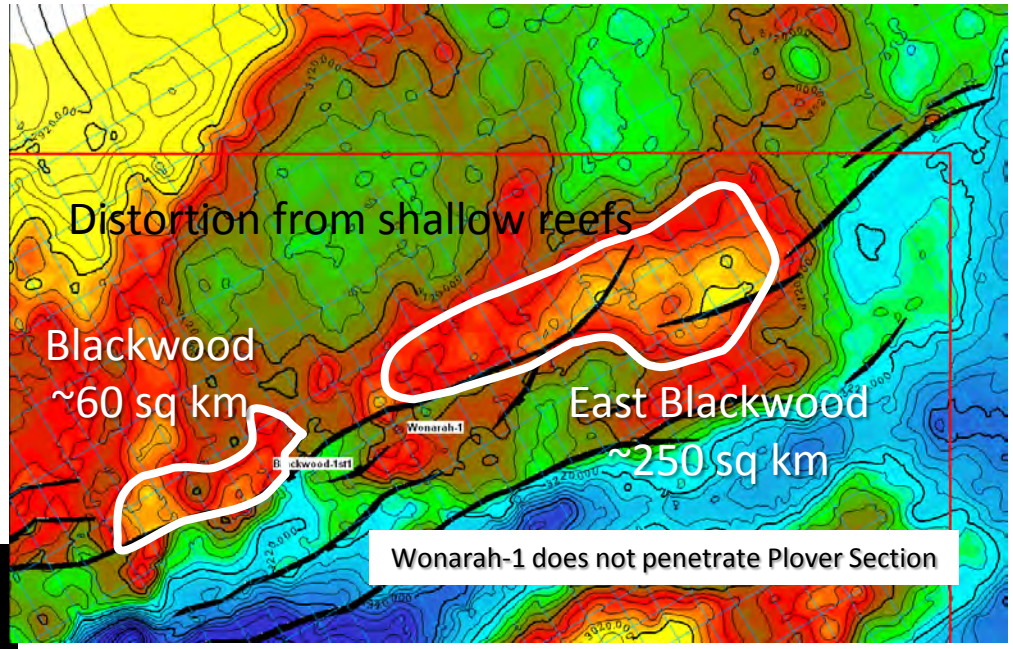
Heron Nth – 300m gross gas! Heron Sth – 130 km^2 closure, better reservoir???



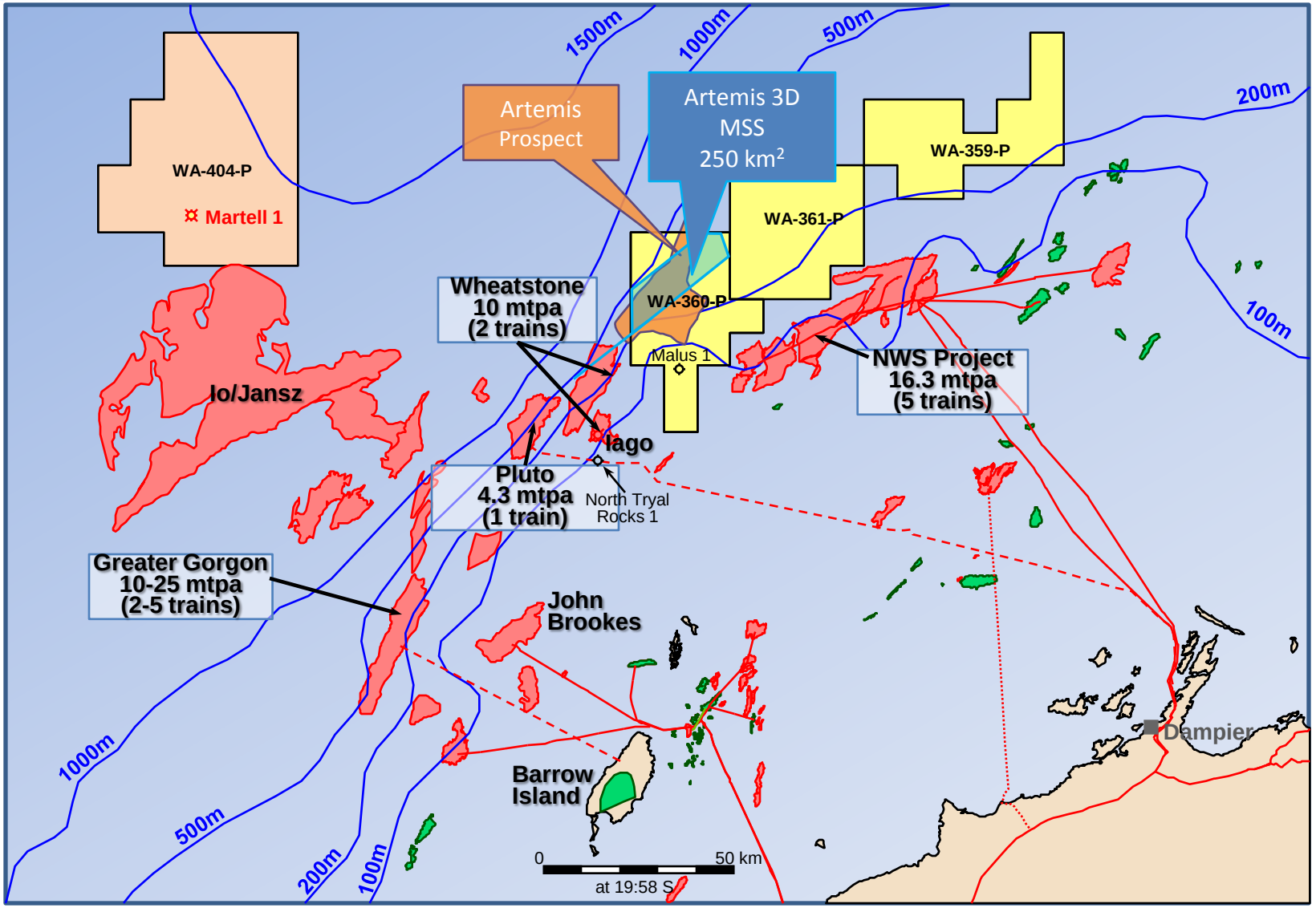
Blackwood-1 intersected 49m gas in Plover. Blackwood east is >4x size of Blackwood closure



Potential resource to underpin 1st Methanol project of 2-train TSMP

Focused exploration

Applying proven analogues in established areas



Recent discoveries hidden for >30 yrs

Seismic velocity complexities continue into WA-360-P

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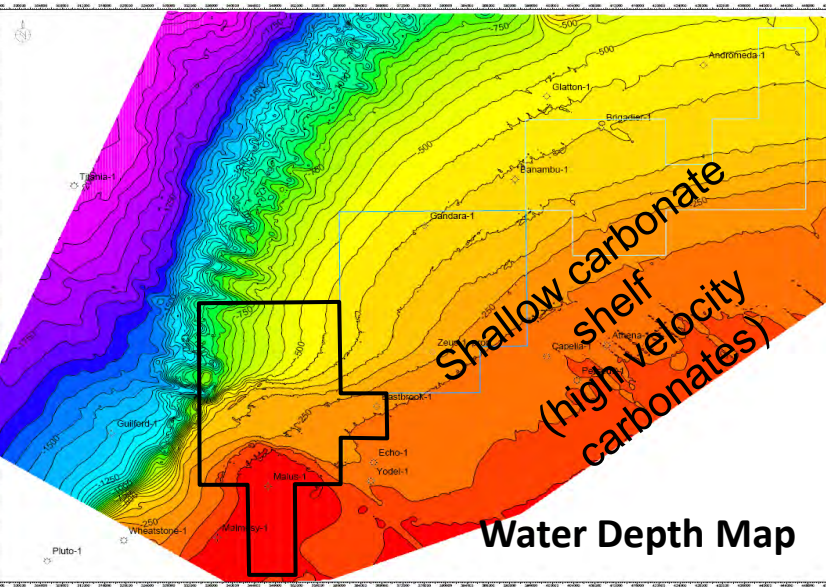
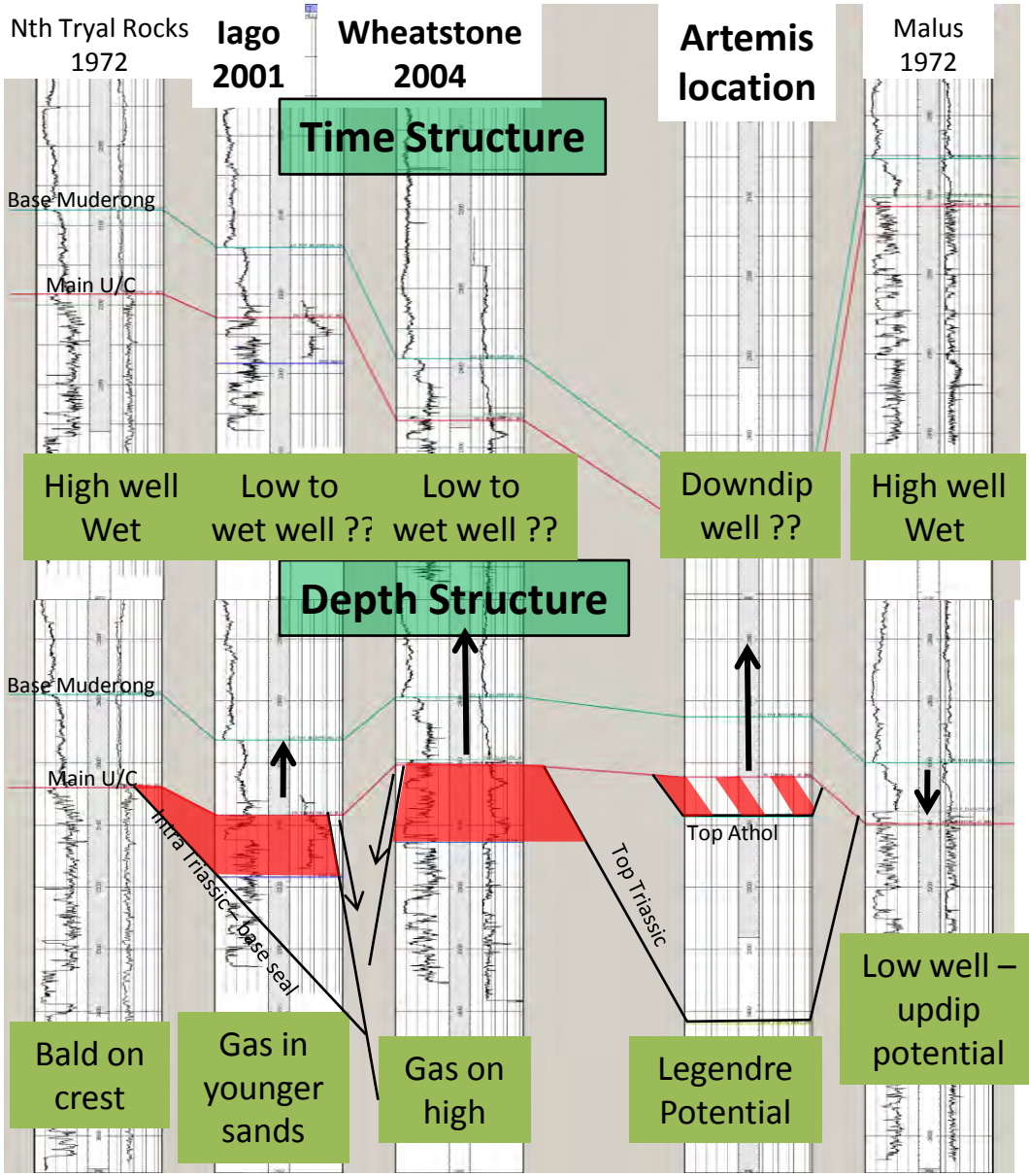
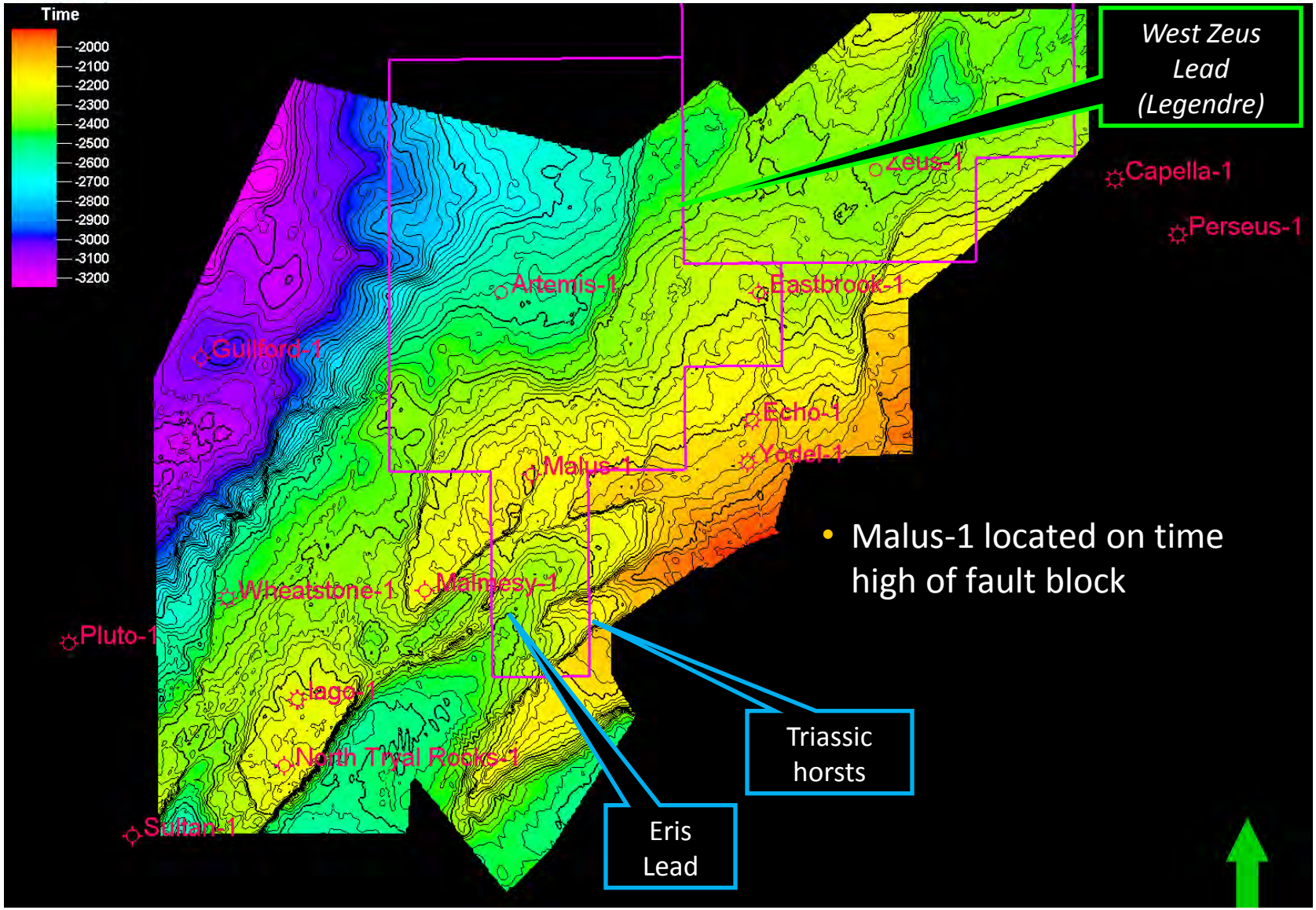
-**1972** Nth Tryall Rocks-1 & Malus-1 were drilled on mapped structural time highs
-**2001** Iago – discovers gas – down structure of the dry Nth Tryall Rocks well
-**2004** Wheatstone – discovers gas – even further down structure in time
-**2005** Pluto gas discovery, **2006** Xena
-**2008** Artemis identified as Iago / Wheatstone analogue in WA-360-P





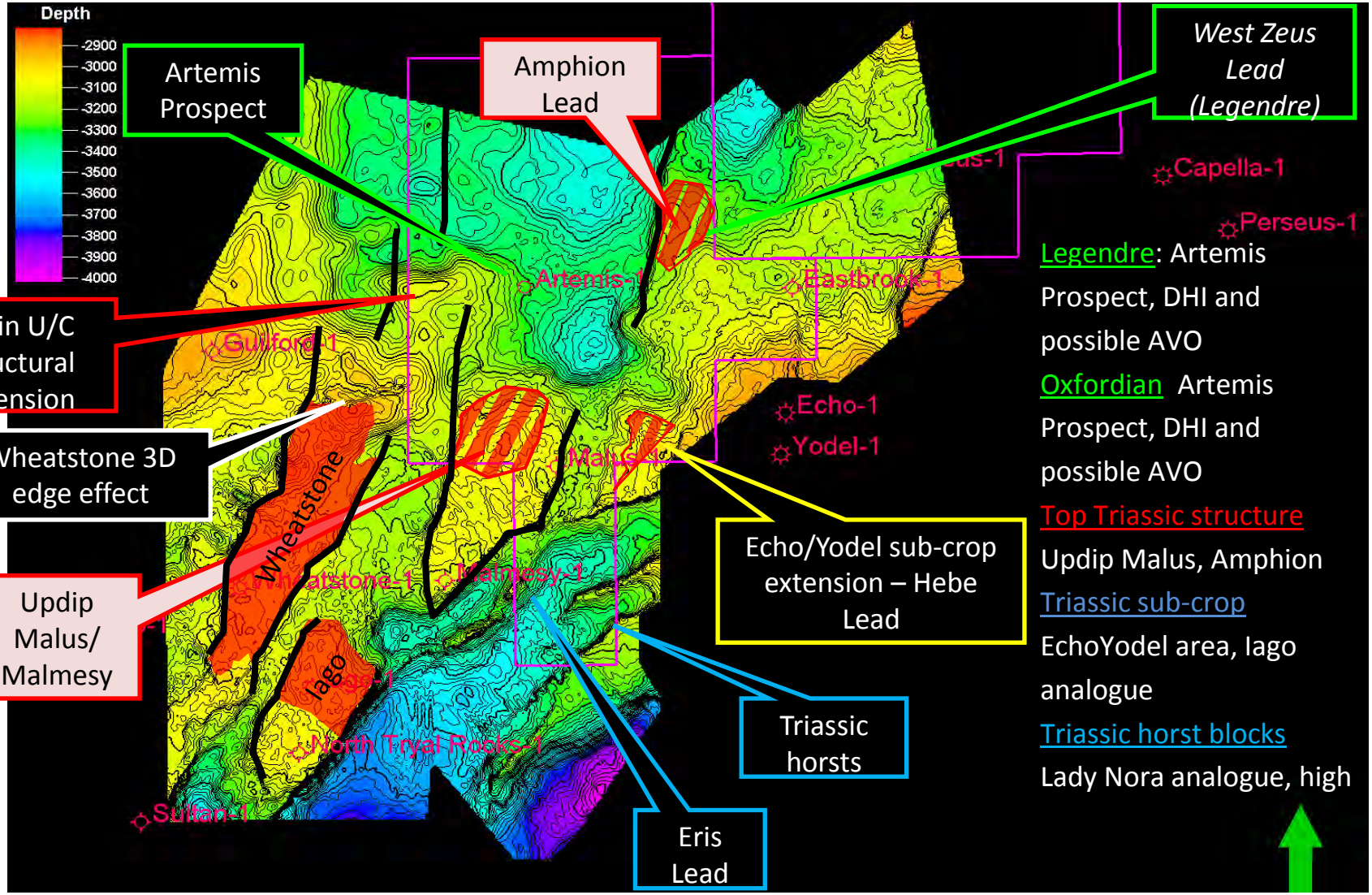
WA-360-P seismic velocity complexities

Most leads are not apparent in Two-Way-Time (TWT)



WA-360-P

Multiple leads apparent after depth conversion



Artemis prospect

Estimated 250 km^2 areal extent (140 km^2 in existing 3D)

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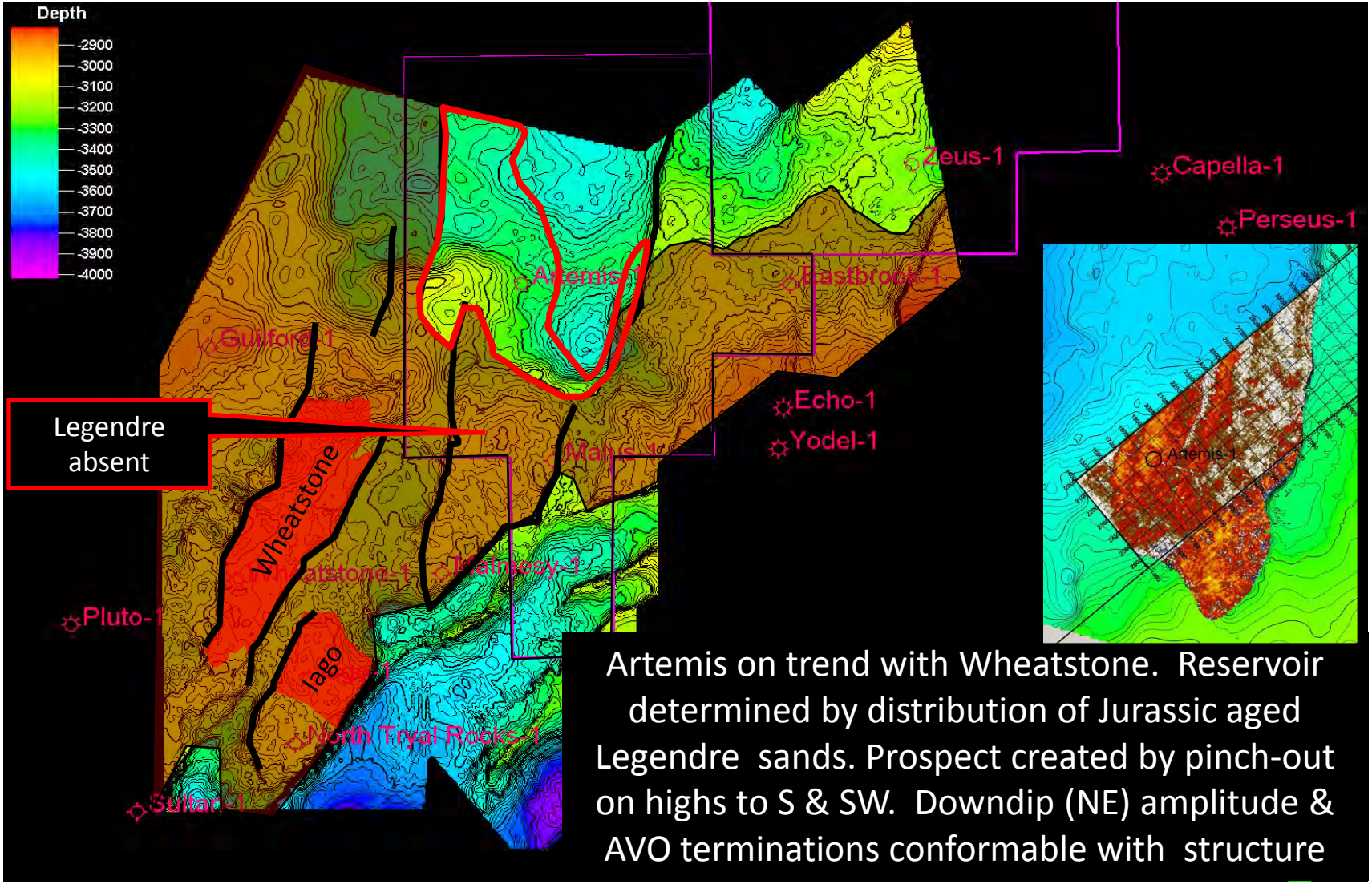

Artemis on trend with Wheatstone. Reservoir determined by distribution of Jurassic aged Legendre sands. Prospect created by pinch-out on highs to S & SW. Downdip (NE) amplitude & AVO terminations conformable with structure

Value proposition

Compelling value gap – requires catalyst(s)

Issue Capital	Share Price	Value (A$m)	Remarks
417m ordinary	$0.08	$35m	At 18th March 2009
Less cash on hand	$0.05	$19m	$19.3m at 28th Feb 2009
Implied value of projects	**$0.03**	**$16m**	**Net of cash**
Tassie Shoal (50-90%) - Environmental Approvals	 ???	 ???	Seeking gas for projects A$500m offer by WPL to KLC
NT/68 discoveries (90-100%)			Farm-out process 2Q'09
-Blackwood/Blackwood East -Heron North/Heron South	??? ???	??? ???	Potential to underpin TSMP (I) CSG paying >US$0.50/Gj 3P!
WA-360-P (assume 20% equity)			Farm-out process 2Q'09
- Artemis prospect (~5 Tcf GIP)	~$1.20	~A$500m	Assumes 70% recovery , US$0.50/Gj, Fx $0.70

Summary

Viable niche, compelling value gap, near term catalysts

- Australia remains an attractive destination for major global E&P players seeking gas
- Carnarvon Basin – 16.3 Mtpa existing LNG production capacity
  - 4.3 Mtpa capacity under construction
  - 20-35 Mtpa under serious consideration
    - Wheatstone/Iago 10 Mtpa (2 x 5 Mtpa trains)
    - Greater Gorgon 10-25 Mtpa (2 x 5 Mtpa trains, seeking increase to 5)
  - MEO WA-360-P permit strategically positioned to existing & planned infrastructure
    - Formal farmout process commences 2Q'09 for 2010 drilling
- Bonaparte Basin – 25 Tcf undeveloped gas resources (excludes Ichthys gas field)
  - CO_2 & distance challenged
  - Tassie Shoal located in heart of undeveloped gas
  - Integrated solution for all gas qualities
  - Solves CO_2 & distance issues
  - MEO discoveries subject to farm-out & 2010 appraisal drilling
- Compelling value proposition
  - Trading at fraction of potential value, potential for near term catalyst(s)