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## ASX & Media Release

### Clarification to 2<sup>nd</sup> September 2009 Good Oil Presentation

MELBOURNE, AUSTRALIA (27<sup>th</sup> November 2009) - MEO Australia Limited (ASX: MEO) provides the following background information in support of the potential valuation per share for the Artemis Prospect included in slide 15 of the RIU Good Oil Presentation released to the **Australian Stock Exchange (ASX)** on 2<sup>nd</sup> September 2009. This clarification is provided for the benefit of shareholders and follows concerns raised by the **Australian Securities and Investments Commission (ASIC)** and the **ASX** that the information in slide 15 may be potentially misleading and thus this additional information is provided.

The last slide of the Presentation suggested a *potential value* per share valuation of \$1.17 (risky) and \$3.65 (unrisky) in relation to the Artemis Prospect based on MEO's estimates of mean prospective resources. These quoted values are estimates based on a number of assumptions detailed below and should not be relied upon as conveying precision to the potential valuation of the MEO share price.

MEO adopted a '*Unit Value*' valuation methodology commonly used by broker analysts to illustrate the potential value of exploration prospects and the likely leverage to a participating company in the event of exploration success. This methodology, while far from rigorous applies a unit value to a prospective resource to derive a potential valuation. Considering the strategic location of Artemis relative to existing and planned LNG infrastructure in the Carnarvon Basin, together with its potential size and the appetite for additional gas to underpin LNG expansion plans, a unit value of US\$0.50/Mcf, while subjective, was considered reasonable. Table 1 details the input assumptions for these '*potential value*' calculations and provides the references for those assumptions within the Presentation and previous ASX releases.

**Table 1: Input assumptions and references to public disclosure**

<b>Input assumptions and calculated result</b>	<b>Previous Disclosure</b>
20.3 Tcf (Mean gas-in-place)	Refer ASX release dated 14 <sup>th</sup> August 2009
× 60% recovery factor	Refer ASX release dated 14 <sup>th</sup> August 2009 and RIU presentation P15 'assumptions'
<b>= 12 Tcf Mean Prospective Resources</b>	
× 20% assumed residual MEO interest	Refer RIU presentation P15 'assumptions'
× US\$0.50/mcf	Refer RIU presentation P15 'assumptions'
÷ US\$0.80/A\$ fx	Refer RIU presentation P15 'assumptions'
÷ 417.3 <sup>1</sup> million shares	Refer RIU presentation P2 'Corp Snapshot'
<b>= \$3.65 unrisky value per share</b>	
× 32% chance of geological success	Refer ASX release dated 14 <sup>th</sup> August 2009
<b>= \$1.17 risky value per share</b>	

<sup>1</sup> The issued share capital has since increased to 477,220,955 following the placement of shares to sophisticated and institutional investors on 17<sup>th</sup> November 2009.

### Prospective Resource Estimate

MEO is Operator of the WA-360-P permit and has a very experienced team of geoscientists that identified and subsequently mapped the Artemis Prospect over several months based on 3D seismic surveys MEO acquired in late 2007 and early 2009. Regional information from neighbouring wells, fields and other seismic surveys was also integrated into this assessment.

Extensive peer reviews were conducted from early May through mid-August with experienced technical teams from highly regarded international major oil and gas companies during a farm-out process.

MEO also commissioned an independent consultant to review MEO's volumetric estimates for the East Artemis prospect. The key elements from this review were summarized in our ASX release dated 14<sup>th</sup> August 2009 entitled '*East Artemis pre-drill resource estimate upgraded*' in which we disclosed:

- The mean gas in place estimates totaling 20.3 Tcf in two horizons
- Our assumption of a 60% recovery factor
- Our assessment of a 32% geological chance of success (GCOS)

### Geological Chance of Success (GCOS)

The following assumptions and rationale were used in the calculation of the GCOS. Subsequent mapping of the new 3D seismic suggests the COS on the trap is higher, because structural roll can now be mapped to the north. In addition, data comparisons with the Demeter 3D survey over the ~12 Tcf Perseus Gas Field provide strong similarity to the seismic response at Artemis, increasing our confidence in the DHI rating.

**Table 2: Calculation of Geological Chance of Success (GCOS)**

<b>Prospect Components</b>	<b>COS</b>	<b>Comments</b>
Trap	50%	On Brigadier structural high. Seal to north (progrades, shale) <b>Input: Top Legendre depth map</b>
Reservoir Presence and Quality	80%	Extrapolation from Zeus, paleogeography favourable. <b>Input: Zeus and Perseus</b>
Source Presence and Quality	80%	Coals present in Mungaroo, Eastbrook has reservoir gas. <b>Input: Guilford, Eastbrook, Banambu</b>
Seal Adequacy	70%	Base seal. <b>Input: Capella, Iago, Echo/Yodel</b>
Maturation/Migration	90%	Modeling favourable, pathways simple, if Eastbrook/Artemis fault seals then access to area north of Eastbrook precluded. <b>Input: Top Triassic depth map, fault plane cross-section</b>
Timing	100%	<b>Input: Basin modeling</b>
Preservation	100%	<b>Input: Basin modeling</b>
<b>Overall prospect COS</b>	<b>20%</b>	Calculation
x DHI de-risking multiplier	1.6	<b>Input: Perseus 3D, MEO 2007 3D, Artemis 3D.</b> Refer below
<b>= Geological C.O.S</b>	<b>32%</b>	Calculation

**Direct Hydrocarbon Indicator (DHI) de-risking Multiplier:**

It is common industry practice to risk a prospect in the normal way, giving an Overall Prospect COS then modify that risk using a multiplier to give the prospect an increased COS due to the presence of DHI's (excluded from the normal risk assessment process). In the case of Artemis the COS without applying a DHI de-risking is 20%, reflecting the complex nature of the prospect. The exact DHI multiplier is subjective, but in an area where DHI's work, "traditional" prospects with valid and calibrated DHI's are ranked at greater than 50%, commonly around 70% COS. Without DHI's the risk of these prospects is less than 50%, commonly in the 30-40% COS range.

Thus a prospect with a high quality DHI can have up to a 2x multiplier for COS. MEO has used a 1.6x multiplier to reflect calibration to the ~12 Tcf Perseus gas field giving a final GCOS for the prospect of 32%.

**Presentation Disclaimer**

While this additional information is provided in support of the Potential Value per share of Artemis Prospect, MEO reiterates the **Presentation Disclaimer** made at the beginning of the Good Oil Conference Presentation – as follows:-

*“This presentation contains includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.*

*These factors include, among other things, commercial and other risks associated with estimation of potential hydrocarbon resources, the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.”*

**Jürgen Hendrich**

Chief Executive Officer &amp; Managing Director

27 November, 2009