



**Methanol**

---

*the clean alternative*

**Investor Presentation - Methanol Australia  
September 2006**

# Methanol Australia Limited Presentation Disclaimer

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.

Methanol Australia accepts no responsibility to update any person regarding any error or omission or change in the information in this presentation or any other information made available to a person or any obligation to furnish the person with further information.



**Methanol**

*The clean alternative*

**Methanol Australia Limited**

# Emerging GTL province

## Developed Gas Reserves

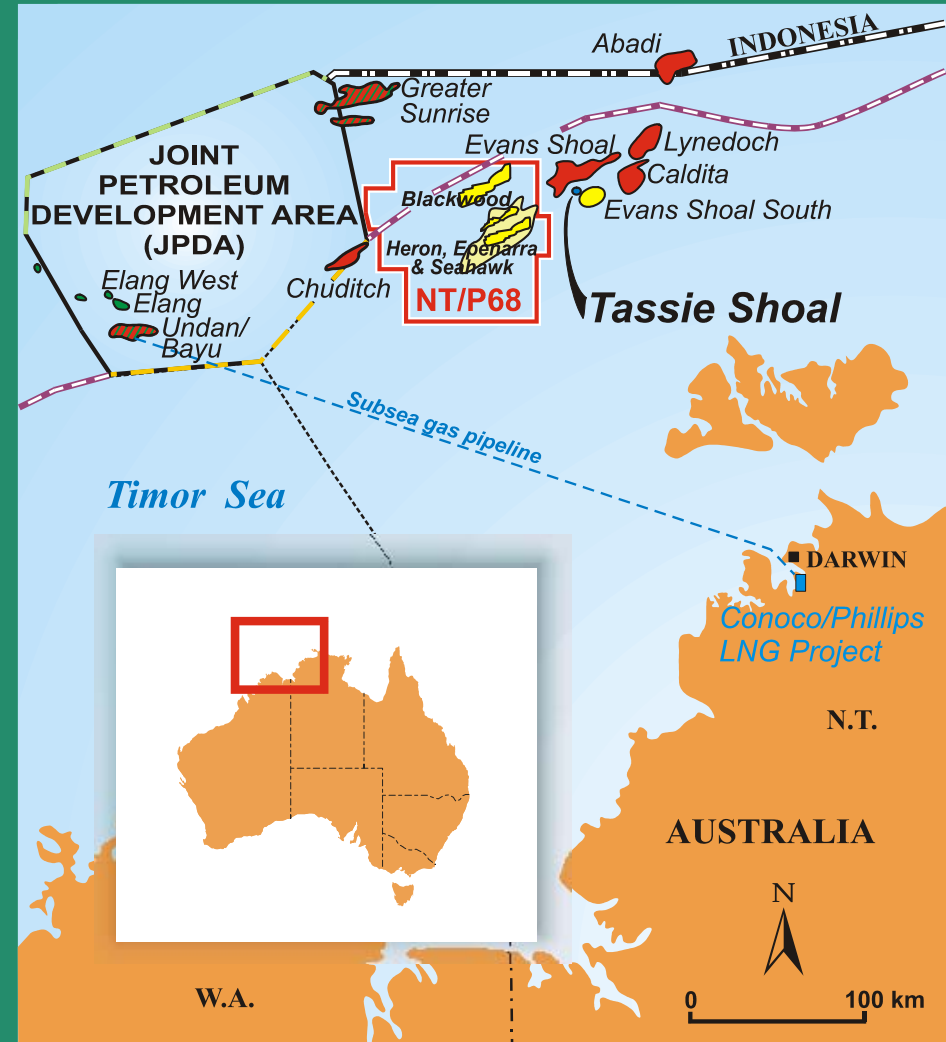
- Bayu-Undan (~3.4 Tcf, wet)

## Undeveloped Gas Reserves

- Greater Sunrise: 8.4 Tcf (wet)
- Abadi: 5 Tcf (CO<sub>2</sub>)
- Evans Shoal: 6.6 Tcf (CO<sub>2</sub>)
- Caldita: 2.9 Tcf (CO<sub>2</sub>)
- Lynedoch: 1.5 Tcf (CO<sub>2</sub>)
- Evans Shoal Sth: ? Tcf (?CO<sub>2</sub>)

## Potential Gas-In-Place (NT/P68)

- 5 Structures
- 1 gas discovery (Heron-1)
- >14 Tcf mapped potential
- >100 bbls/mmcf liquids yield

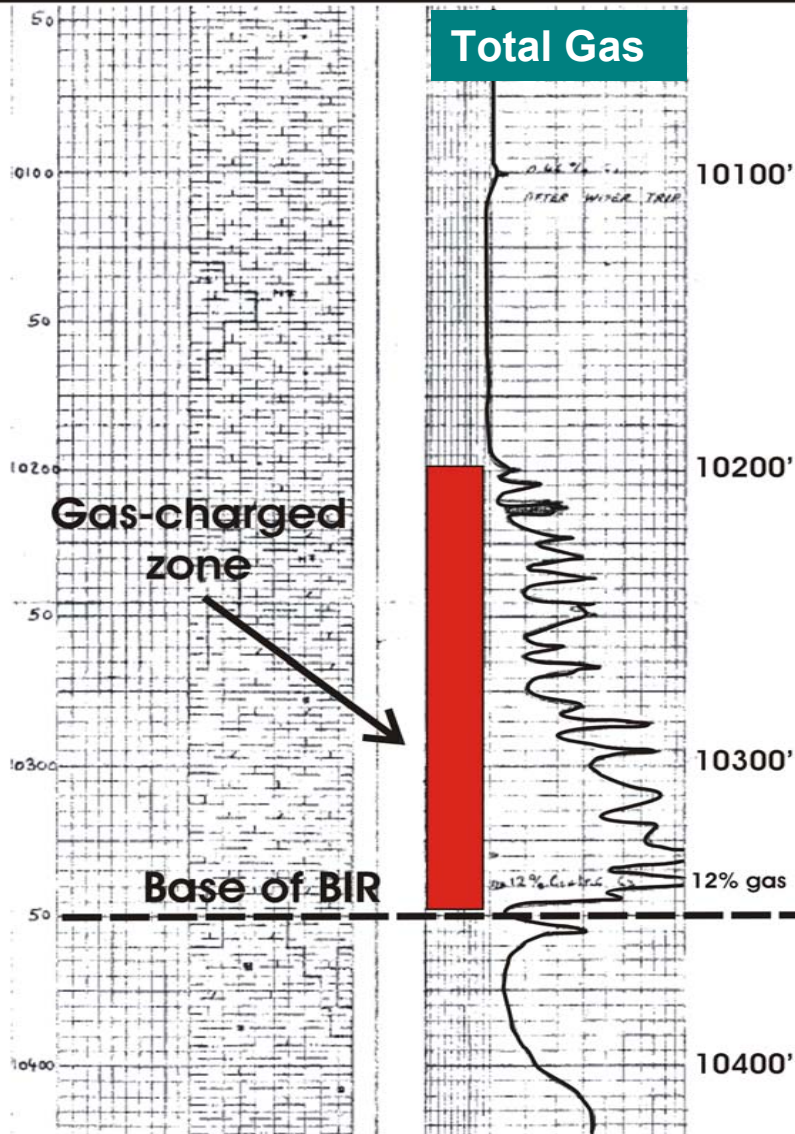


Methanol

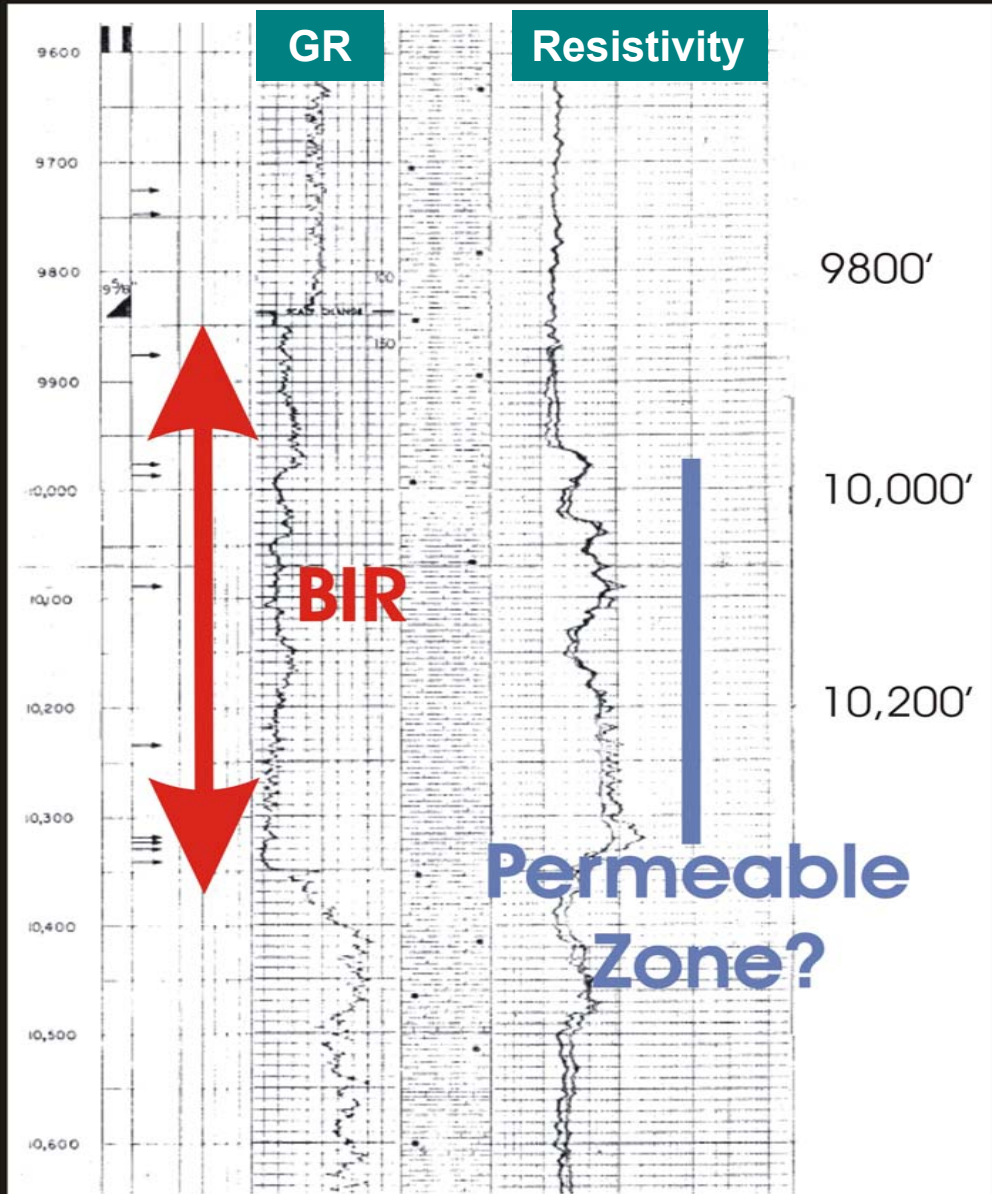
The clean alternative

Methanol Australia Limited

# Heron-1 intersected 50m gas column



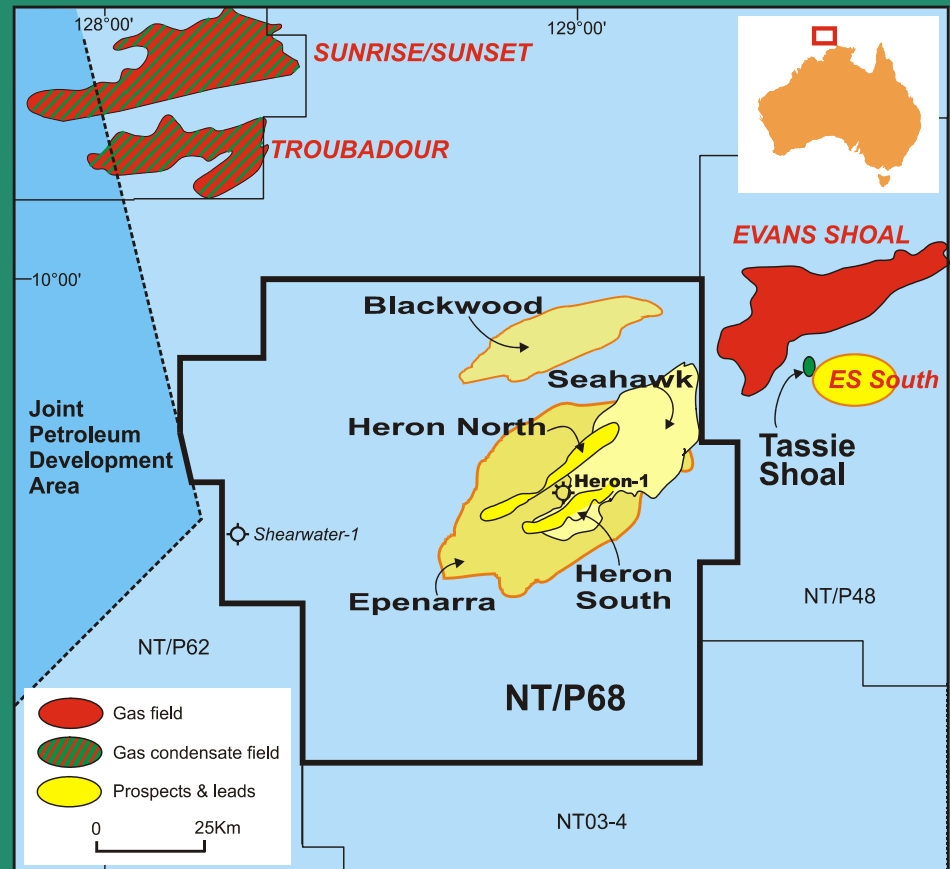
Mud Gas: Heron 1  
Bathurst Island Radiolarite



Resistivity Log

# 100% owned permit with gas discovery

- Epenarra structure
  - 1,200km<sup>2</sup> closure
  - ~6 Tcf (P50) wet GIP
  - >800 mmbbls condensate
  - Drilled by Heron-1 (1972)
  - *Est. CGR\* ~150 bbls/mmcf*
- Acquiring 500km<sup>2</sup> 3D (Sep'06) + 600 km 2D (Oct'06) seismic
- Drilling 4Q'07
  - Heron-2
  - Blackwood-1



\* CGR = Condensate : Gas Ratio expressed as barrels condensate/million cubic feet gas



Methanol

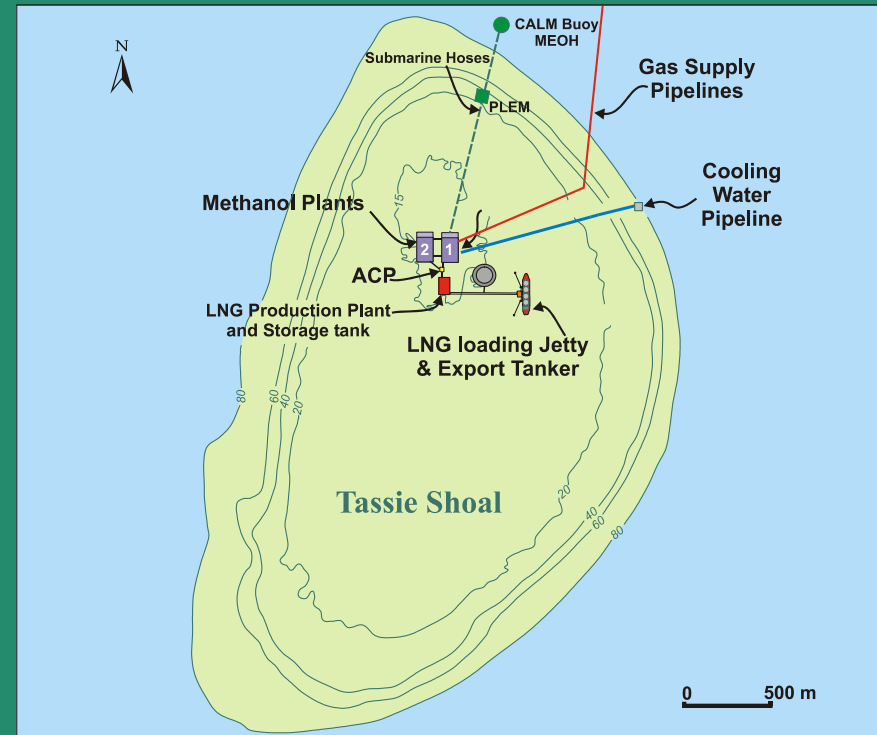
The clean alternative

Methanol Australia Limited



# Tassie Shoal

- Shallow water (14m), 275km NW of Darwin in *Australian waters*
- Environmental *approvals* granted by Commonwealth Gov't for *50yrs*
  - 2x 1.8 Mtpa MeOH plants (Dec02)
  - 1x ~3 Mtpa LNG plant (May04)
- **Globally Competitive** projects:
  - Methanol benefits from high CO<sub>2</sub>
  - Low input gas price
    - Proximity to liquids rich gas (LNG)
    - Eliminates long pipelines to shore
    - Pre-fabrication in Asia/tow to site
  - Transport cost advantage
    - Proximity to markets
    - Own port facilities



Methanol

*The clean alternative*

**Methanol Australia Limited**

# Experienced Board

## **Warwick Bisley - Non-Executive Chairman**

**35 years with Exxon/Esso 1966-2001.**

Appointed **Chairman & CEO of Exxon Chemicals Australia**. Oversaw rationalisation of Altona Petrochemicals.

### **First Chairman of Kemcor.**

Appointed MD & CEO in mid-1990's to implement **Exxon's US2.4bn (stage I) petrochemical complex in Singapore**, including planning, execution, staffing and commissioning before retiring in 2001.

## **Andy Rigg - Non-executive director**

**35 years international exploration experience**

principally with Exxon/Esso, Santos and Ampolex. Program Manager with the Australian Petroleum Co-Operative Research Centre (APCRC) managing the GEODISC research program, designed to investigate the technological, environmental and commercial feasibility of geological sequestration of carbon dioxide in Australia.

## **Chris Hart- MD & CEO**

**15 years in upstream petroleum industry.**

Co-founded Timor Sea Petroleum (original tenement holder of **Evans Shoal Gas field**).

Expertise in **gas marketing and commercialisation strategies**.

Instrumental in developing the Gas-To-Liquids & upstream projects.

## **Walter Dewe**

**Executive Director - Gas Commercialisation**

**25 years international upstream experience**

principally with BHP Petroleum and Kerr-McGee.

Secured commitment from BHP to build the **Methanol Research Plant (MRP)** at Laverton using ICI technology.

MRP was Australia's first methanol plant.

## **James Willis - Non Executive Director**

**Partner with Bell-Gully** a leading New Zealand legal firm. Responsible for all aspects of gas contracting.



**Methanol**

*The clean alternative*

**Methanol Australia Limited**

# Robust Economics (un-gearred)

<b>Assumptions</b>	<b>Unit</b>	<b>LNG</b>	<b>Methanol</b>
<b><u>Production</u></b>			
Daily capacity	<i>t/day</i>	8,700	5,000
Days on line	<i>days/yr</i>	345	350
Annual	<i>mtpa</i>	3.0	1.8
Uptime	<i>%</i>	94.5%	95.9%
<b><u>Commodity Prices</u></b>			
Input gas price	<i>US\$/Gj</i>	\$ 1.35	\$ 1.26
<b>Product</b>	<b><i>US\$/t</i></b>	<b>\$ 232</b>	<b>\$ 200</b>
	<i>US\$/mmbtu</i>	\$ 4.49	
<b>Spot</b>	<b><i>US\$/t</i></b>	<b>\$385-\$620</b>	<b>&gt; \$300</b>
	<i>US\$/mmbtu</i>	\$7.5-\$12	
Inflation	<i>%/yr</i>	2%	2%
Corporate tax	<i>%</i>	30%	30%
<b><u>Economics</u></b>			
<b>Capex</b>	<b><i>US\$m</i></b>	<b>\$ 988</b>	<b>\$ 835</b>
<b><u>NPV (10%)</u></b>			
<b>Pre-tax</b>	<b><i>US\$m</i></b>	<b>\$ 1,624</b>	<b>\$ 588</b>
<b>Post-tax</b>	<b><i>US\$m</i></b>	<b>\$ 1,052</b>	<b>\$ 355</b>
<b><u>IRR</u></b>			
<b>Pre-tax</b>	<b><i>US\$m</i></b>	<b>34.5%</b>	<b>25.0%</b>
<b>Post-tax</b>	<b><i>US\$m</i></b>	<b>27.6%</b>	<b>20.2%</b>



**Methanol**

*The clean alternative*

**Methanol Australia Limited**



# Capital Structure

**ASX Code** MEO **Shareholders** 1,850

<b>Security Class</b>	<b>Millions</b>	<b>Remarks</b>
Ordinary shares	193.3	Post 1:4 rights, closes 11-Sep-06

<b>Options</b>			<b>Cash</b>
Directors & staff	4.1	Unlisted	\$ 0.8
30-Apr-07, \$0.25 ex price	38.7		\$ 9.7
30-Apr-07, \$0.25 ex price+	14.1	+ <i>Subject to S/H approval</i>	\$ 3.5
<b>Total Options</b>	<b>56.8</b>		<b>\$ 14.0</b>
<b>Fully Diluted</b>	<b>250.0</b>		

<b>Market Capitalisation (@\$0.225)</b>	<b>A\$m</b>	<b>Major Shareholders*</b>	<b>%</b>
<b>Undiluted</b>	<b>\$ 43.5</b>	Cambrian Oil & Gas	13.9%
<b>Fully diluted</b>	<b>\$ 56.3</b>	Santos	13.4%
		Directors	9.7%

<b>Monthly turnover</b>		
Volume (millions)	6.4	* <i>Pre-1:4 rights issue</i>
Value (A\$m)	\$ 1.2	



**Methanol**

*The clean alternative*

**Methanol Australia Limited**

# Conclusions

- Globally competitive GTL projects, robust economics
  - Lowest quartile production costs
    - Delivered product cost advantage (transport advantage)
  - Substantial capital cost savings (pipelines, pre-fabrication)
    - Managing capital risks – key alliances (eg Air Products)
  - Pragmatic solution for high CO<sub>2</sub> 3<sup>rd</sup> party gas
- 50yr C'Vealth Government Environmental Approvals
  - Australia's only approved greenfield LNG project
  - Assigned Major Project Facilitation Status (TSMP)
- Securing gas supply
  - 100% owned permit (NT/P68) - Heron-1 gas discovery
    - Potential for high quality, liquids rich, low CO<sub>2</sub> gas
    - Retaining control ensures timely development of projects
    - 3D & 2D seismic in September & October 2006
    - Negotiating rig contract - Heron-2 & Blackwood-1 (Sep'07)
  - 3rd party gas supply negotiations underway concurrently



Methanol

*The clean alternative*

**Methanol Australia Limited**

# Reference slides



**Methanol**

*The clean alternative*

**Methanol Australia Limited**

# Secured Commonwealth Environmental Approvals



EPBC Act 1999

Methanol Plant EIS approved Dec 2002 - 50 yrs

LNG Plant EIS approved May 2004 - 50 yrs

Assigned - Major Project Facilitation Status

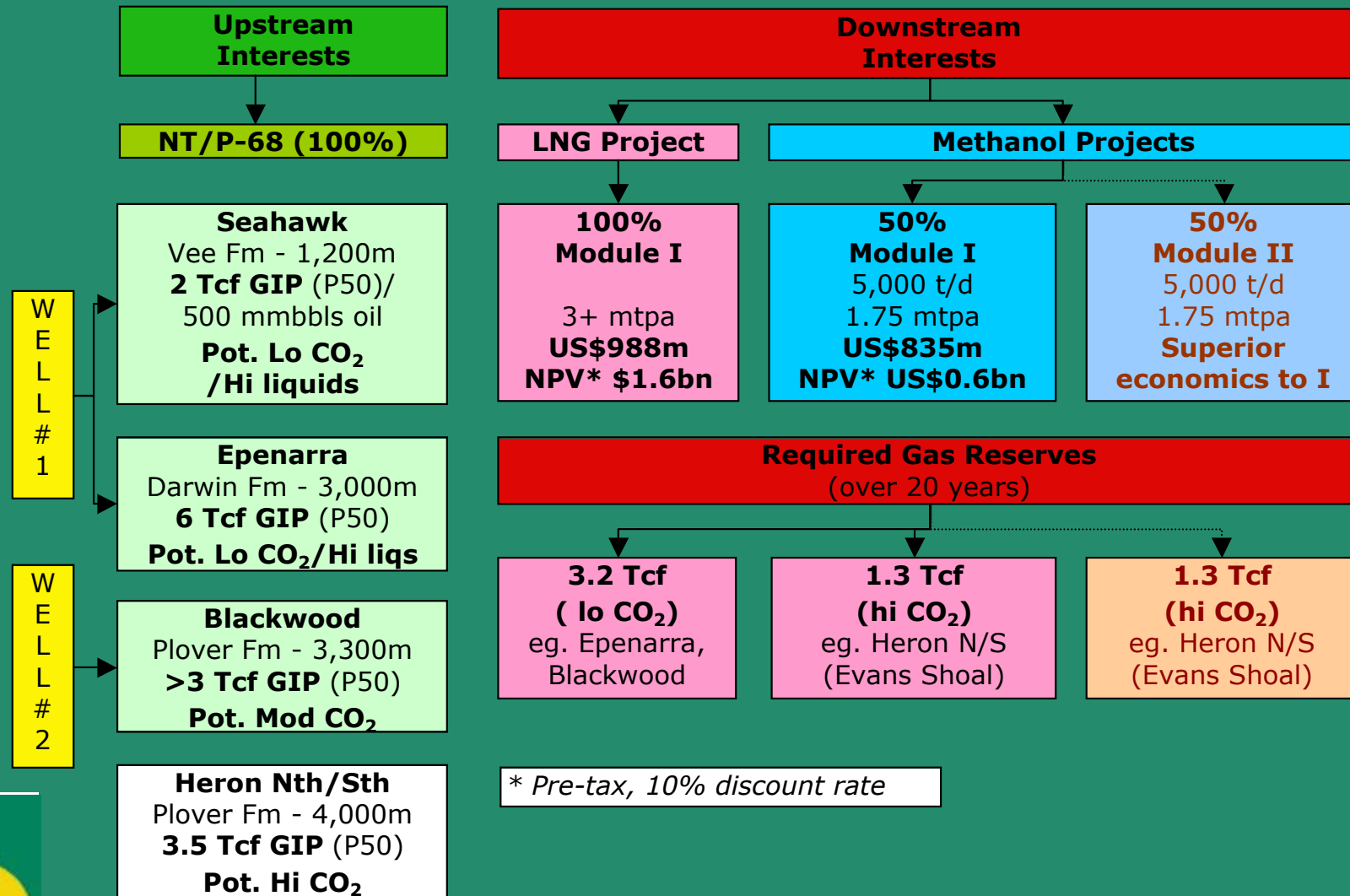


**Methanol**

*The clean alternative*

**Methanol Australia Limited**

# Project Summary



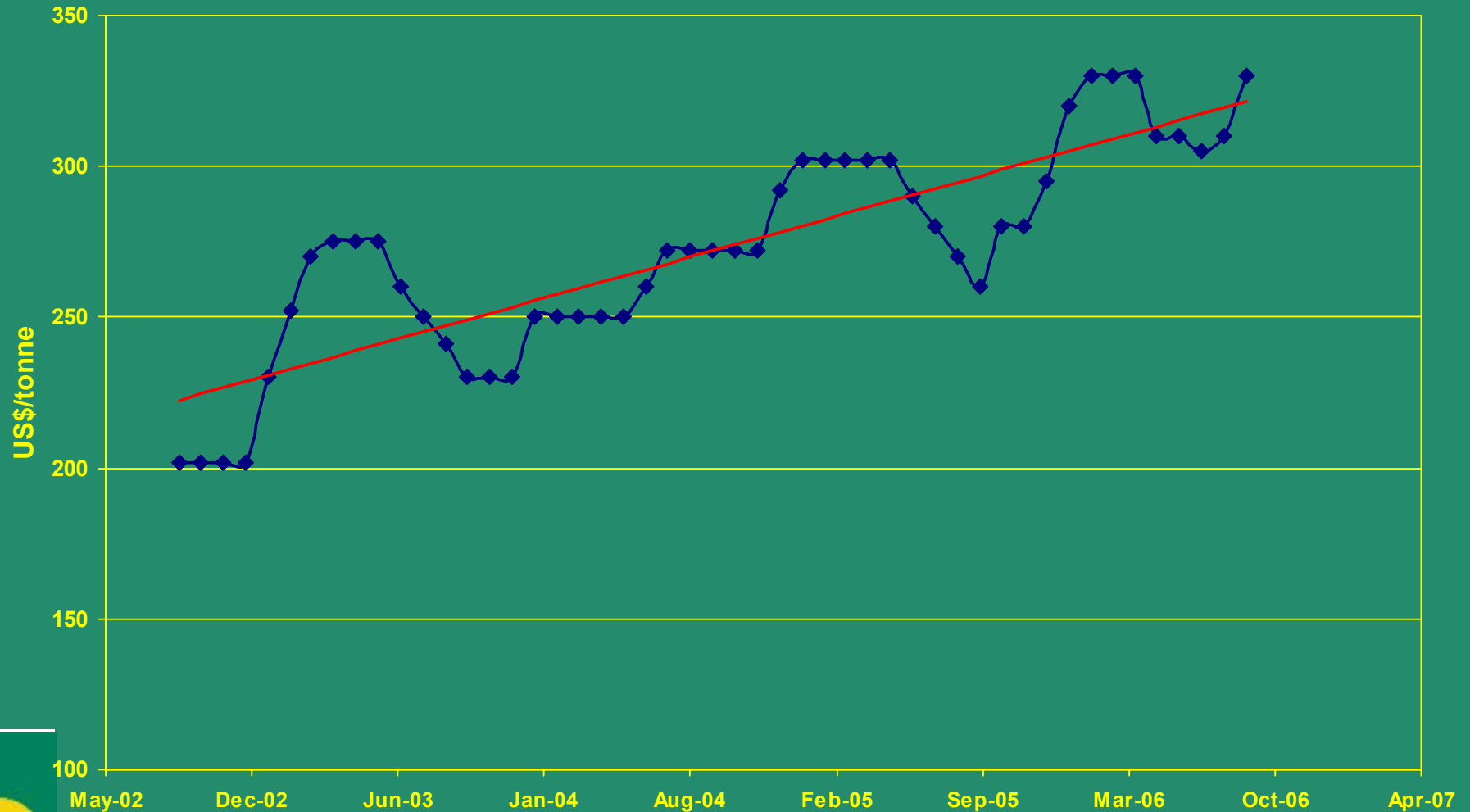
Methanol

The clean alternative

Methanol Australia Limited



# Methanex APCP for Methanol



Source: Methanex Asian Posted Contract Price (APCP), 2006



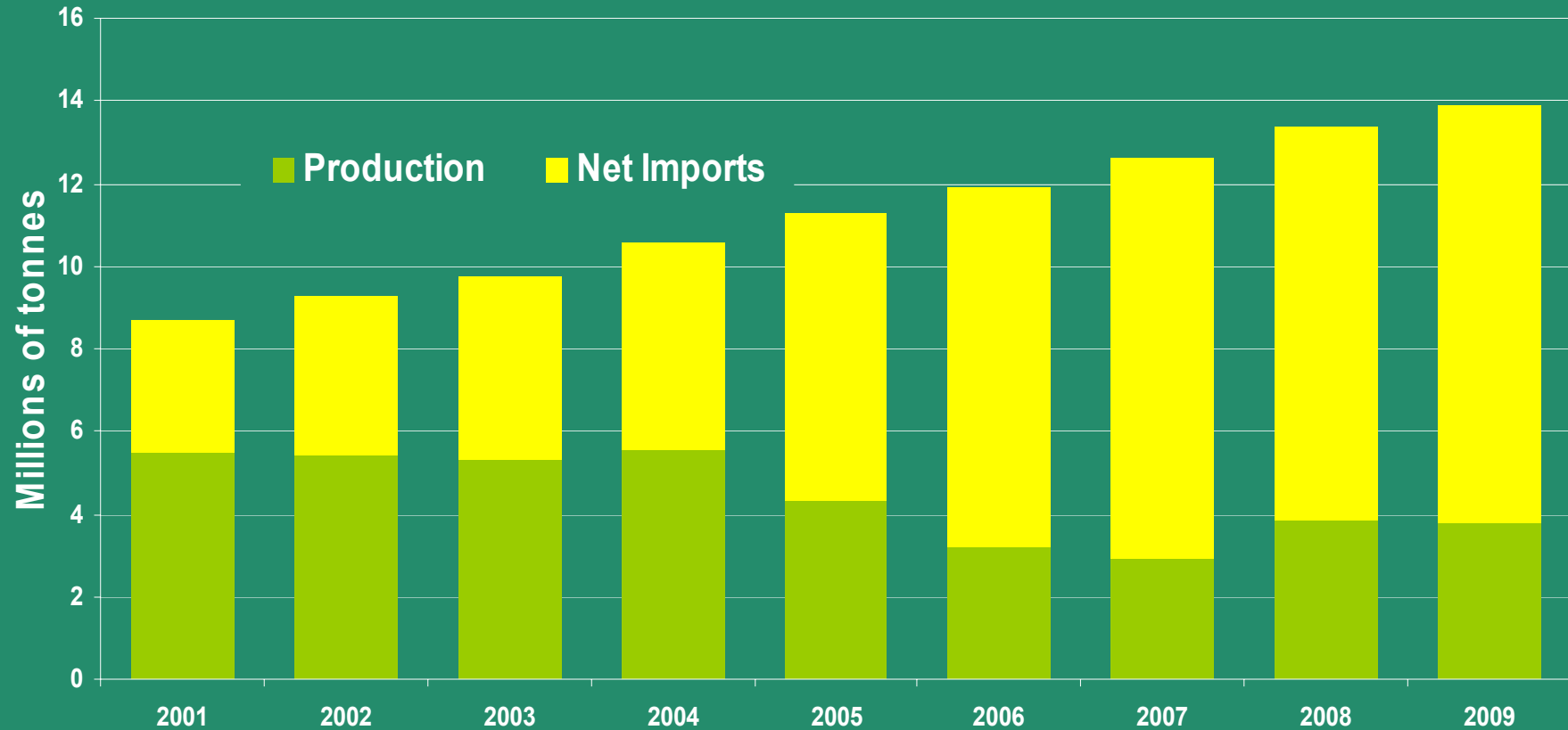
**Methanol**

*The clean alternative*

**Methanol Australia Limited**

# Methanol Asian Supply Forecast

## 10 Mt required in region by 2009



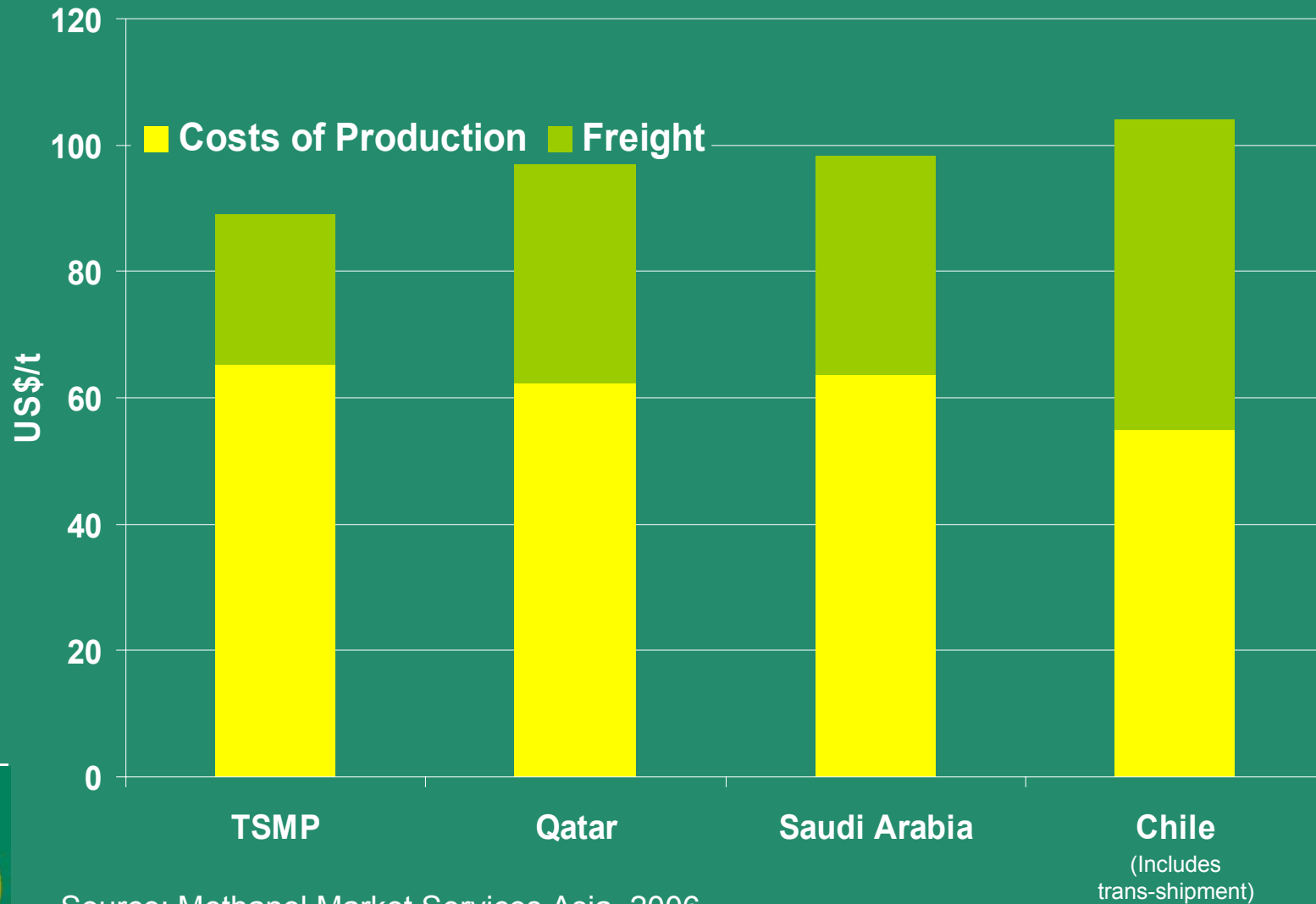
**Methanol**

*The clean alternative*

Source: CMAI 2005 World Methanol Analysis  
Includes no Australian plant production

**Methanol Australia Limited**

# Delivered Methanol Cost advantage to North East Asia



Source: Methanol Market Services Asia, 2006



**Methanol**

*The clean alternative*

**Methanol Australia Limited**

# TSMP – Sound Design



**Methanol**

*The clean alternative*

**Methanol Australia Limited**

# TSMP GBS Concept a Reality

## Exxon Adriatic LNG Re-gas Terminal



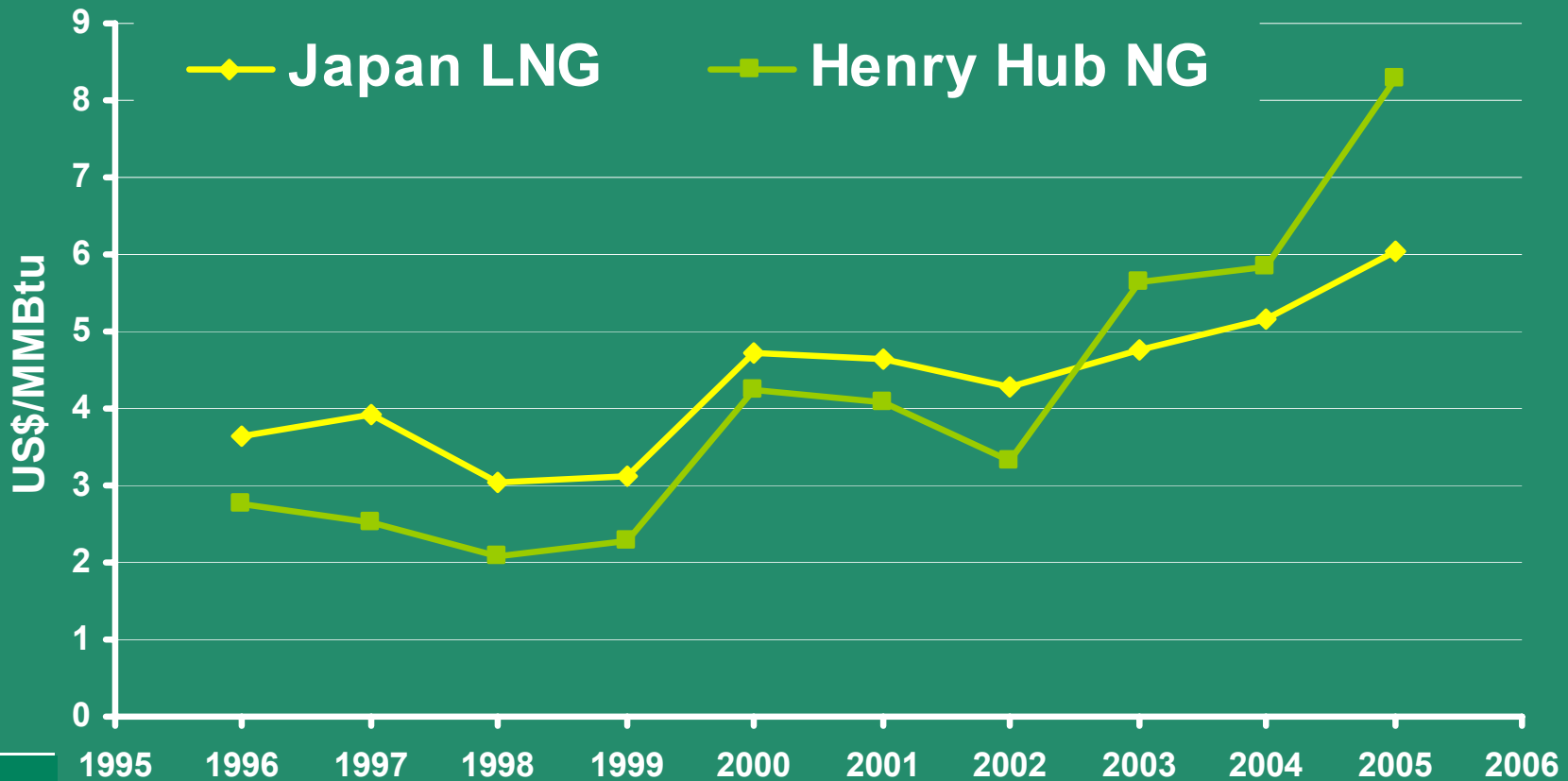
**Methanol**

*The clean alternative*

**Methanol Australia Limited**



# Japan LNG CIF pricing and US Natural Gas Pricing



Source: BP Statistical Review 2006

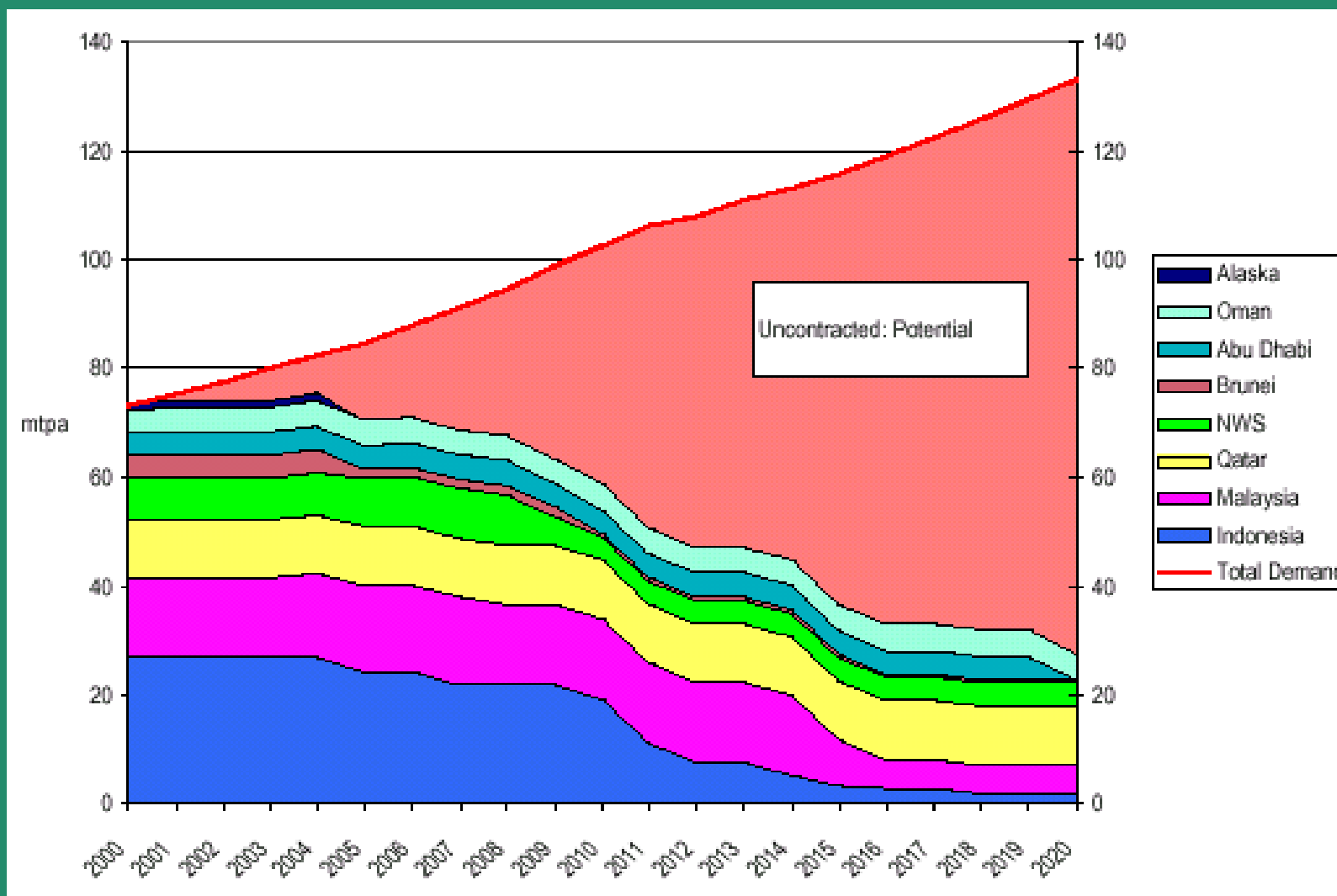


**Methanol**

*The clean alternative*

**Methanol Australia Limited**

# Forecast East Asian LNG S/D Balance



Source: ABARE 2005

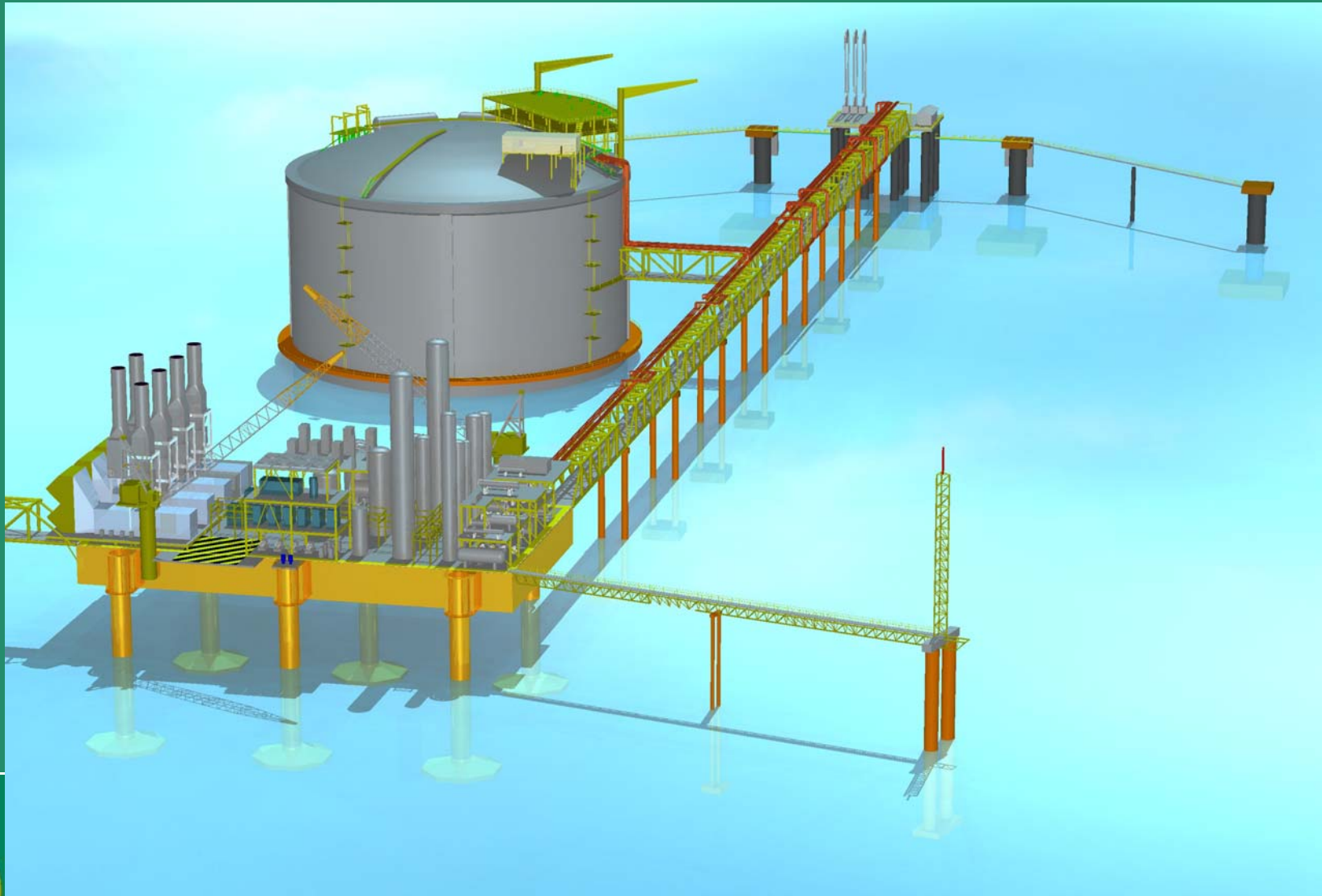


**Methanol**

*The clean alternative*

**Methanol Australia Limited**

# TSLNGP production module, tank and jetty



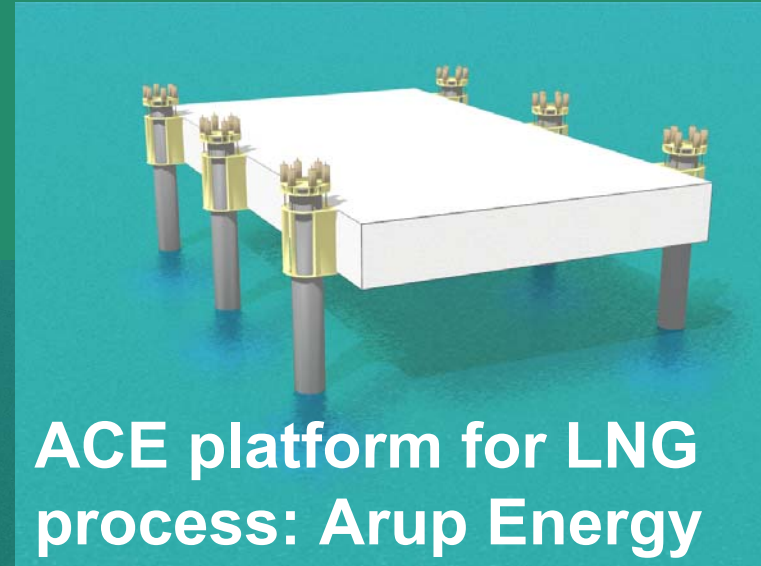
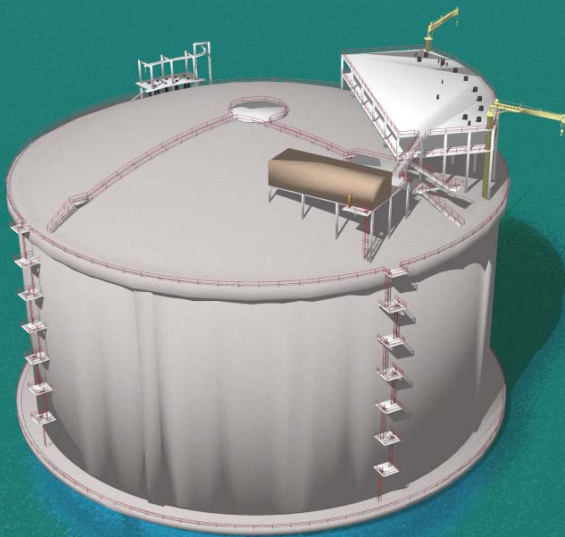
**Methanol**

*The clean alternative*

**Methanol Australia Limited**

# Timor Sea LNG Project

New LNG Tank Design by  
Arup Energy – 170,000 m<sup>3</sup>



ACE platform for LNG  
process: Arup Energy

ACE platform in service:  
Hang Tuah, Vietnam



**Methanol**

*The clean alternative*

**Methanol Australia Limited**



# Tank Concept Used by Compass Port

(ConocoPhillips - Currently undergoing project sanction)



**Methanol**

*The clean alternative*

**Methanol Australia Limited**



# NT/P68: Significant scope for Gas

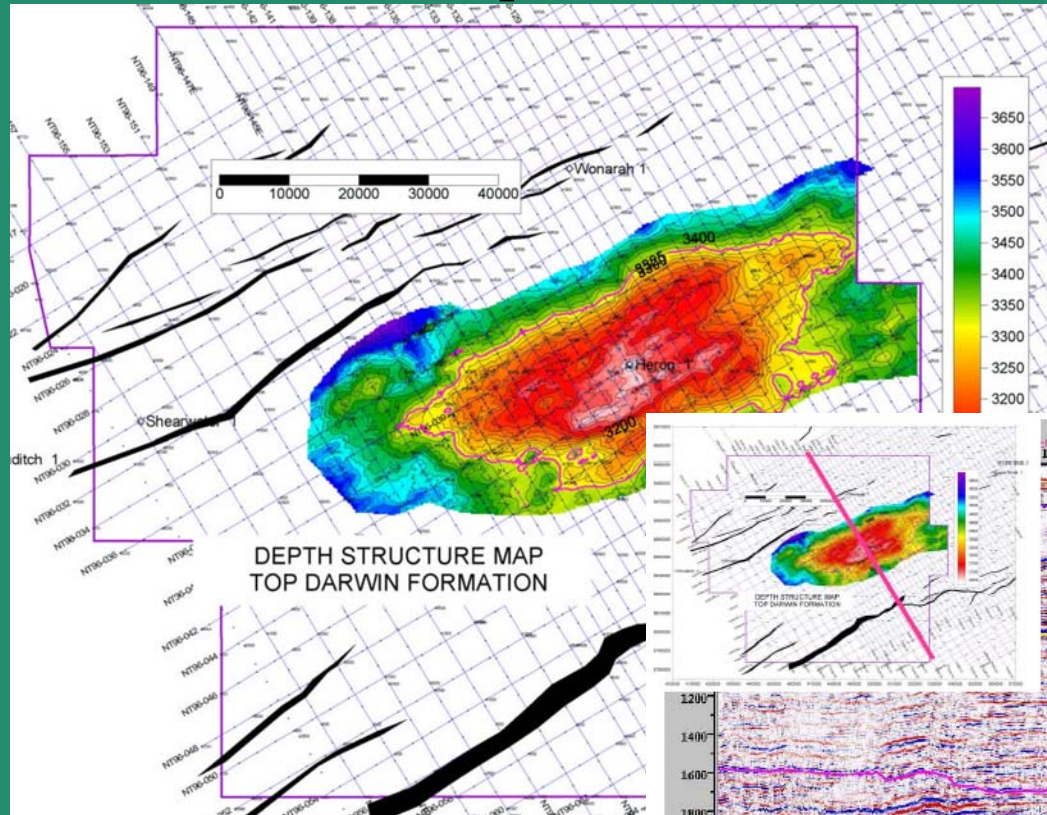


**Methanol**

*The clean alternative*

**Methanol Australia Limited**

# Epenarra Discovery



**Epenarra discovery**  
 Darwin Fm (3,000 m – fract. carbonate)  
 50m gas bearing zone in Heron-1  
 Mapped closure 1,200 sq. km  
**P50: 6 Tcf GIIP**, likely wet gas, low CO<sub>2</sub>

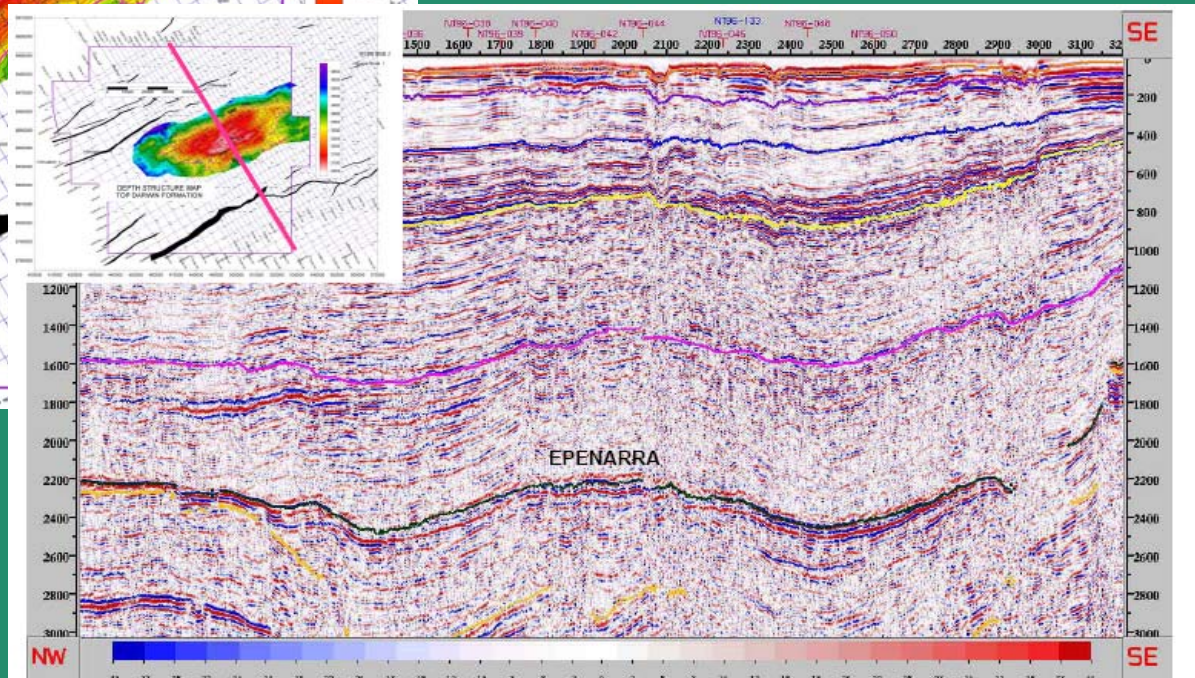


Figure G



\* GIIP is Gas Initially In Place

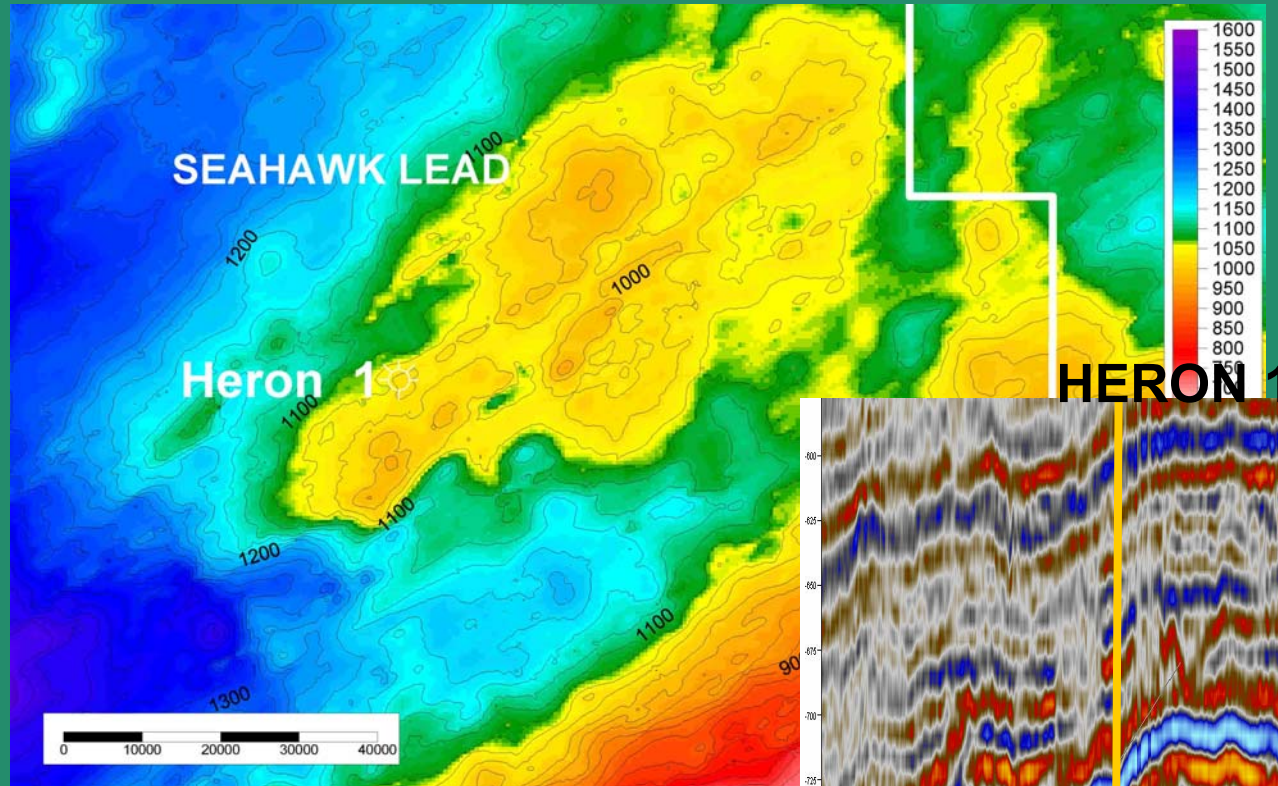
**Methanol**

The clean alternative

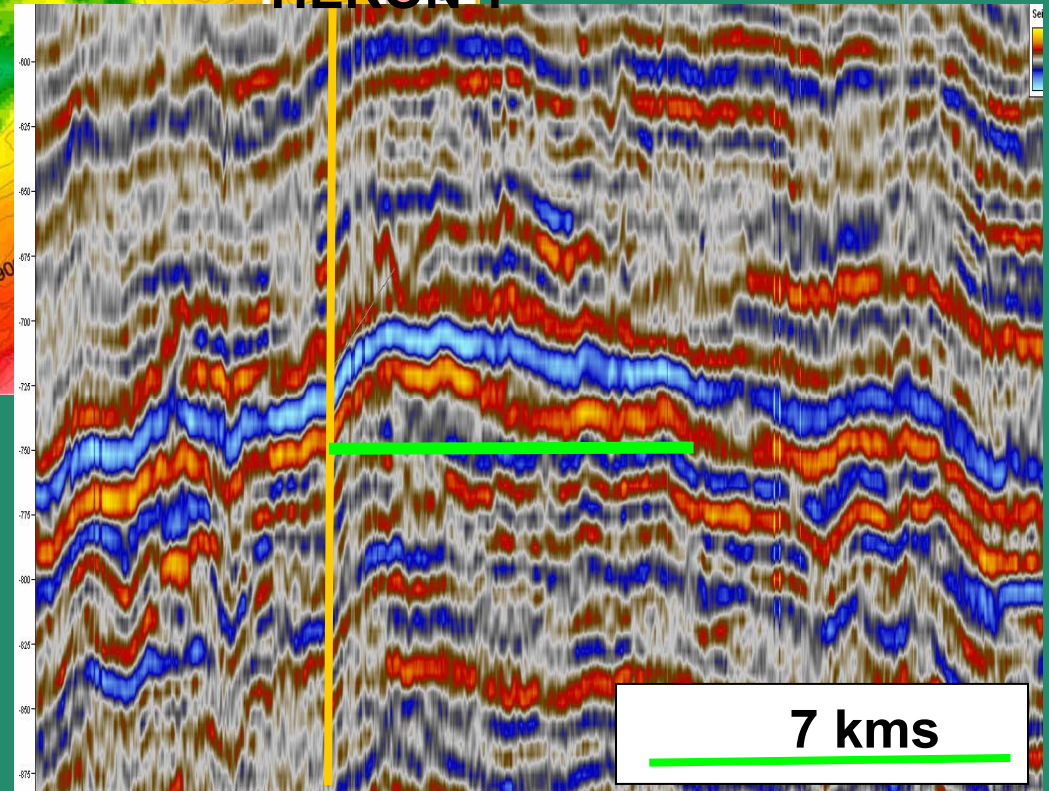
**Methanol Australia Limited**



# NT/P68 – Seahawk Prospect



Seahawk Prospect  
Vee Formation (1,200 m)  
P50: 2 Tcf GIIP\*  
oil potential (high risk)



\* GIIP is Gas  
Initially In Place

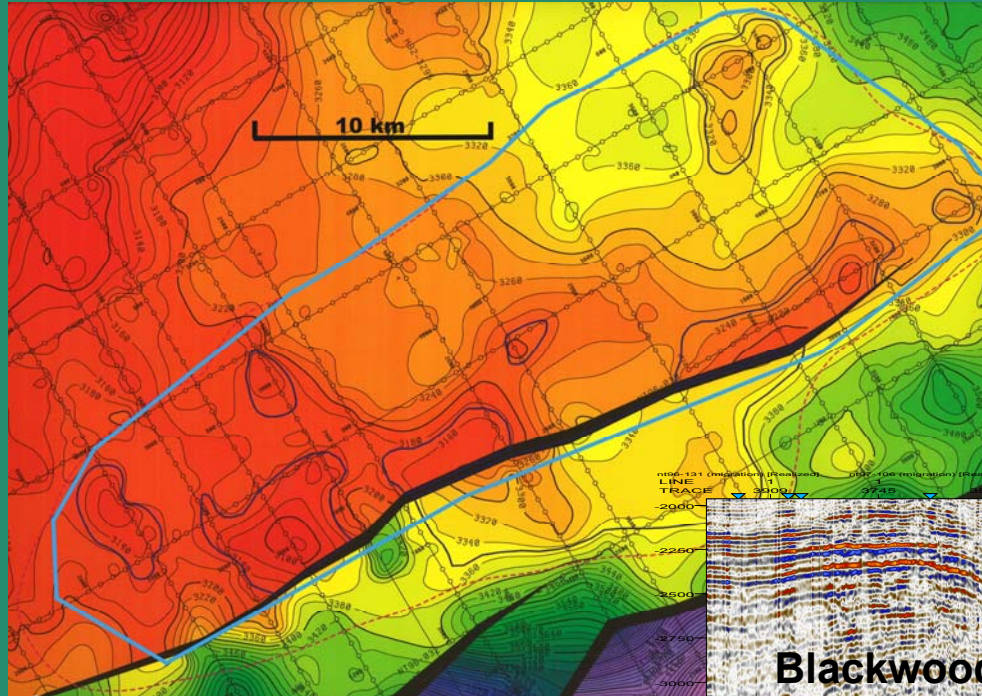
Methanol

The clean alternative

Methanol Australia Limited



# Blackwood Lead – Plover Formation



Plover Plays  
Blackwood lead  
(3,300m, P50: 3+ Tcf GIIP\*)

High CO<sub>2</sub> suitable for MEOH  
production



Methanol

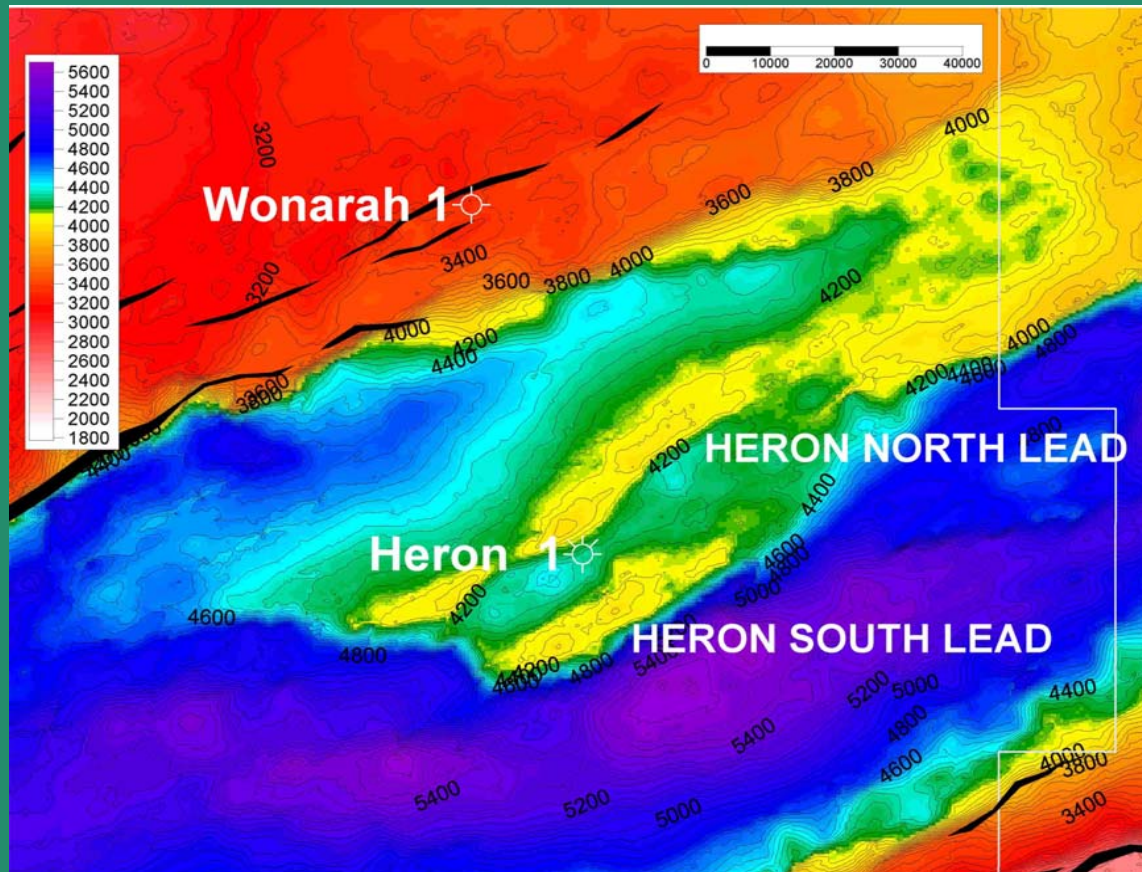
The clean alternative

\* GIIP is Gas  
Initially In Place

Methanol Australia Limited



# NT/P68 – Heron Nth & Sth Leads



## Plover Plays

Extension of Evans Shoal/  
Evans Shoal Sth from NE

Heron North & South Prospects  
(4,000m, P50: 3.5 Tcf GIIP\*)  
Likely high CO<sub>2</sub>

High CO<sub>2</sub> suitable for MEOH  
production



\* GIIP is Gas  
Initially In Place

Methanol

The clean alternative

Methanol Australia Limited