MEO Australia

energy for the future

Investor Update

January 2009

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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.

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Corporate Snapshot

ASX Code		MEO
Founded	Year	1994
IPO	Year	1998
Issued Capital	million	417.3
Last price (14-Jan)	A$	$0.27
Market Cap	A$m	$113
Cash (31-Dec-08)	A$m	$29
Options (unlisted)	million	15.7
Top 20 shareholders	%	42.4%

Chairman	Nick Heath	Appointed May'08
Managing Director (&CEO)	Jürgen Hendrich	Appointed CEO Jun'08 , MD Jul'08
Non-Executive Director	Greg Short	Appointed Jul'08
Non-Executive Director	Michael Sweeney	Appointed Oct'08
Non-Executive Director	Stephen Hopley	Appointed Oct'08

Substantially enhanced value proposition

New board of directors
- Well credentialed, diversity of disciplines
- Orderly succession planning

Increased management depth
- Broadened depth commensurate with enhanced activity & ambitions

Enhanced project depth and potential
- Declared 2x gas discoveries in Bonaparte Basin (MEO Operator)
  - Requires further appraisal – likely in 2010
- Added highly prospective Carnarvon Basin permits (MEO Operator)
  - Defining substantial prospectivity in WA-360-P independent of Zeus

New alliances
- Engaged industry in Carnarvon Basin farm-out process
- Engaging major custodians of stranded 3rd party gas in Bonaparte Basin

Well placed to weather financial storm
- Actively generating high quality prospects
- High levels of equity in quality projects facilitates farm-out
- A$29m cash at 31-December-2008

Completely new board

Position	Name	Appointed	History
Chairman	Nick Heath	12th May ’08	Chemical Engineer, >30 yrs ExxonMobil, Former chairman APPEA
Managing Director	Jürgen Hendrich	25th July ’08	Petroleum Geologist (12 yrs, ExxonMobil) & Investment Banking (12 yrs)
Non-Exec Director	Greg Short	14th July ’08	Geologist, 33 yrs with ExxonMobil. Extensive international experience
Non-Exec Director	Michael Sweeney	1st Oct ’08	Barrister, 10 yrs with MiMi
Non-Exec Director	Stephen Hopley	1st Oct ‘08	Financial Services, Macquarie Bank (14yrs) Retired ’03

Expanded management capability

Position	Name	Appointed	History
CEO	Jürgen Hendrich	16th June '08	Petroleum Geologist (12 yrs, ExxonMobil) & Investment Banking (12 yrs)
CFO /Co. Secretary	Colin Naylor	5th Feb '07	FCPA >30yrs Woodside (11yrs) BHP (5yrs) Rio Tinto (7yrs)
Implementation Manager	Ken Hendrick	1st July '06	Project Manager/Civil Engineer >40 yrs Fluor, ExxonMobil, International resource companies
Development Engineering Manager	John Robert	1st July '01	Chemical Engineer/Economist >40 yrs Qenos (ex APC 7yrs), AusTrade, methanol co's Davy John Brown & Kvaerner (>15 yrs)
Exploration Manager	Dave Maughan	5th August '08	Geologist 33 yrs ExxonMobil. Extensive international experience.
Commercial Manager	Robert Gard	10th Nov '08	Mechanical/Electrical Engineer >22 yrs ExxonMobil. Gas marketing, business analysis, planning, sub-surface engineering

Targeting gas in established LNG provinces

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

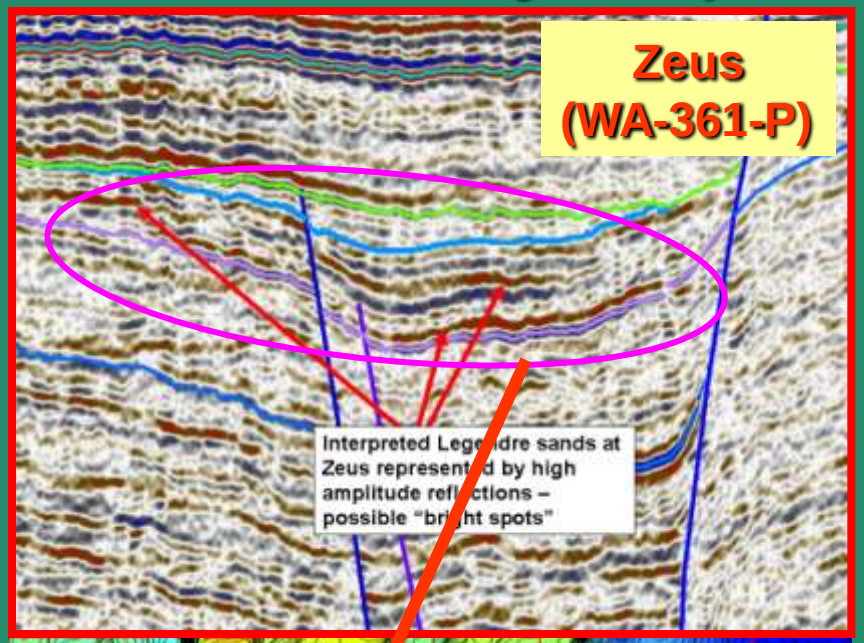
1x existing LNG Train - 3.7 Mtpa

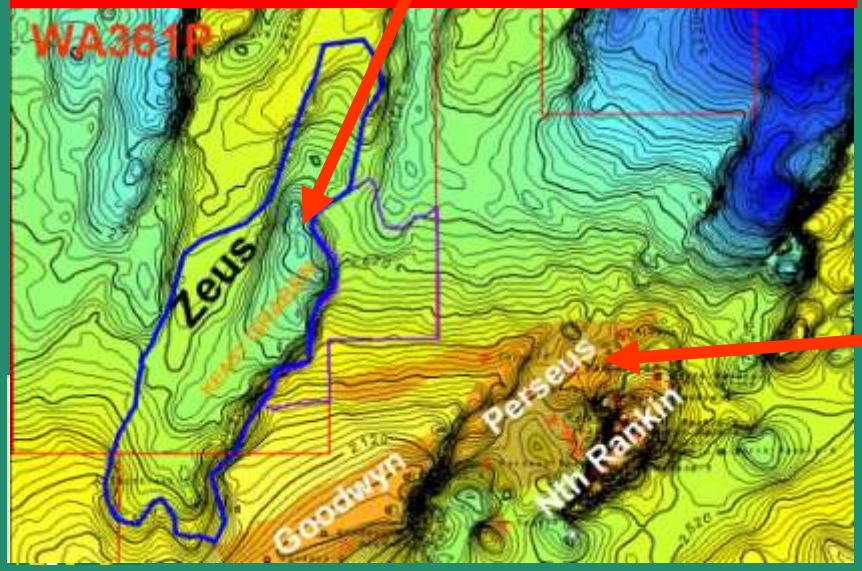
Carnarvon Basin

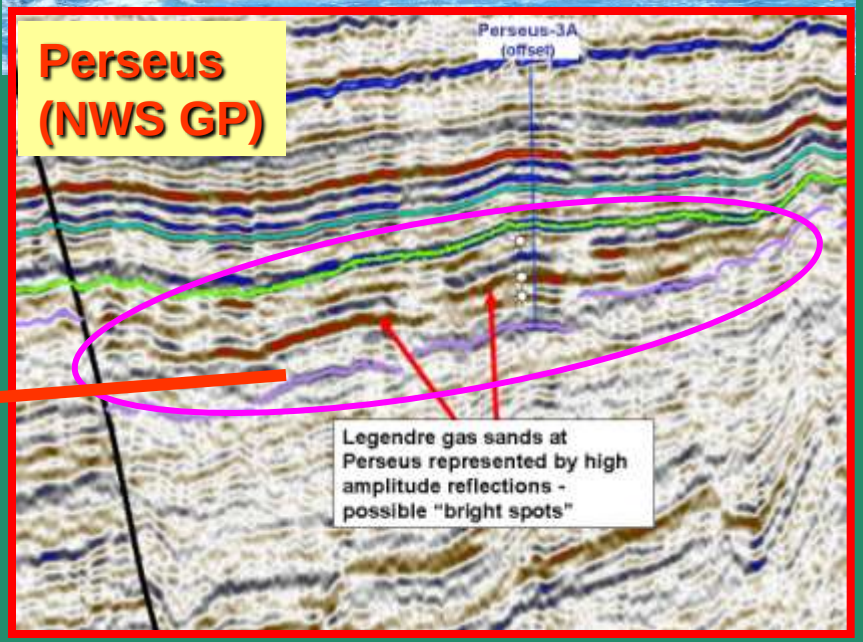
- WA-361-P (35%)
- Zeus Prospect (>15 Tcf GIP)
- Heracles Lead (2+ Tcf GIP)
- West Zeus Lead
- Hephaestus Lead
- WA-360-P (60-70%) Drill/drop 31-Dec-09
- Artemis Prospect (>5 Tcf GIP)
- Lady Nora - extn
- West Zeus - Lead
- Eris Lead
- Hebe Lead
- Amphion Lead
- Ersa Lead
- Pandia Lead
- WA-359-P (60-70%) Drill/drop 31-Dec-09
- Hephaestus Lead

5x existing LNG trains - 16.3 Mtpa
1x under construction LNG train - 4.3 Mtpa

Zeus Play – a potential 'game changer'

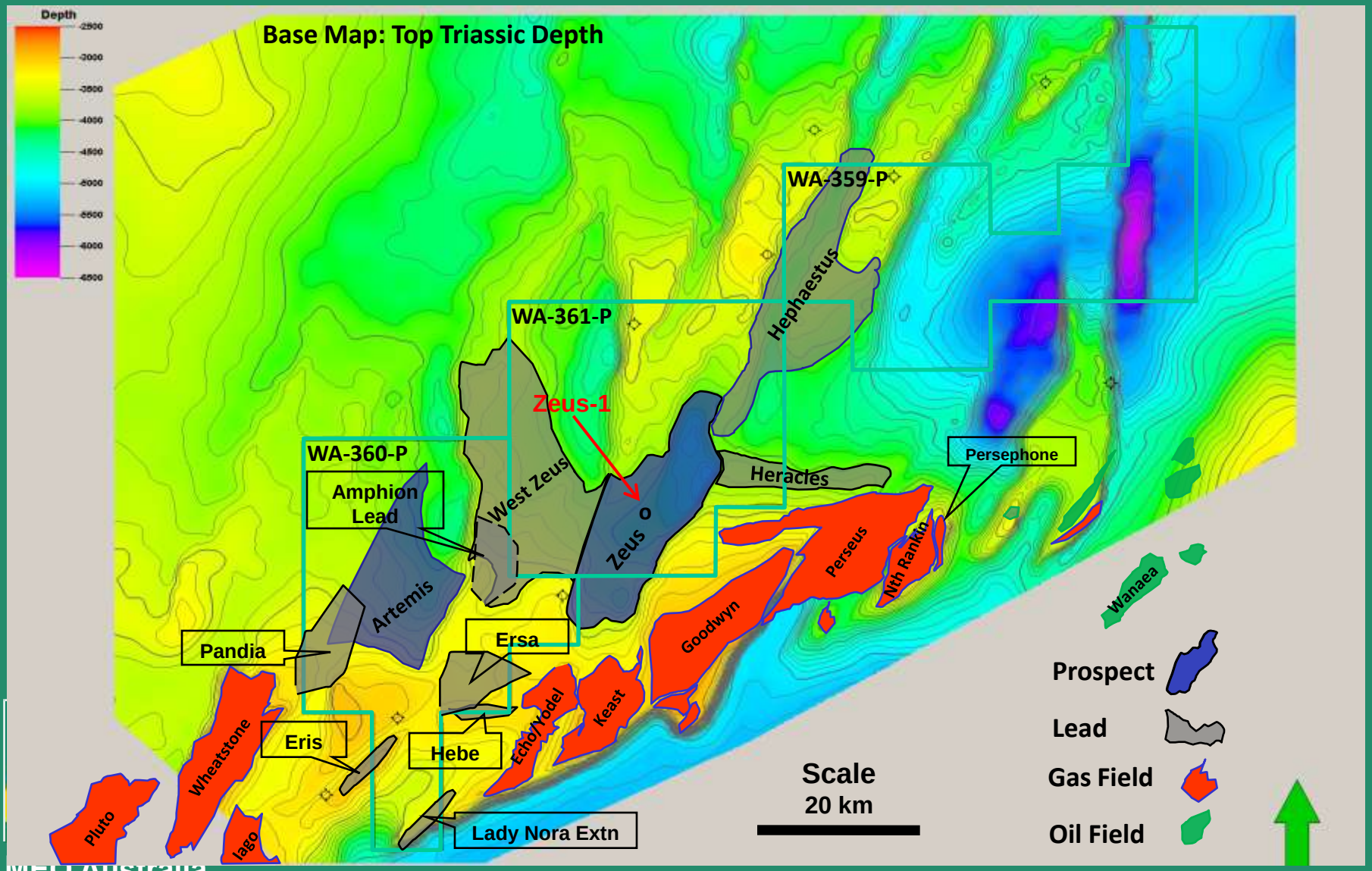






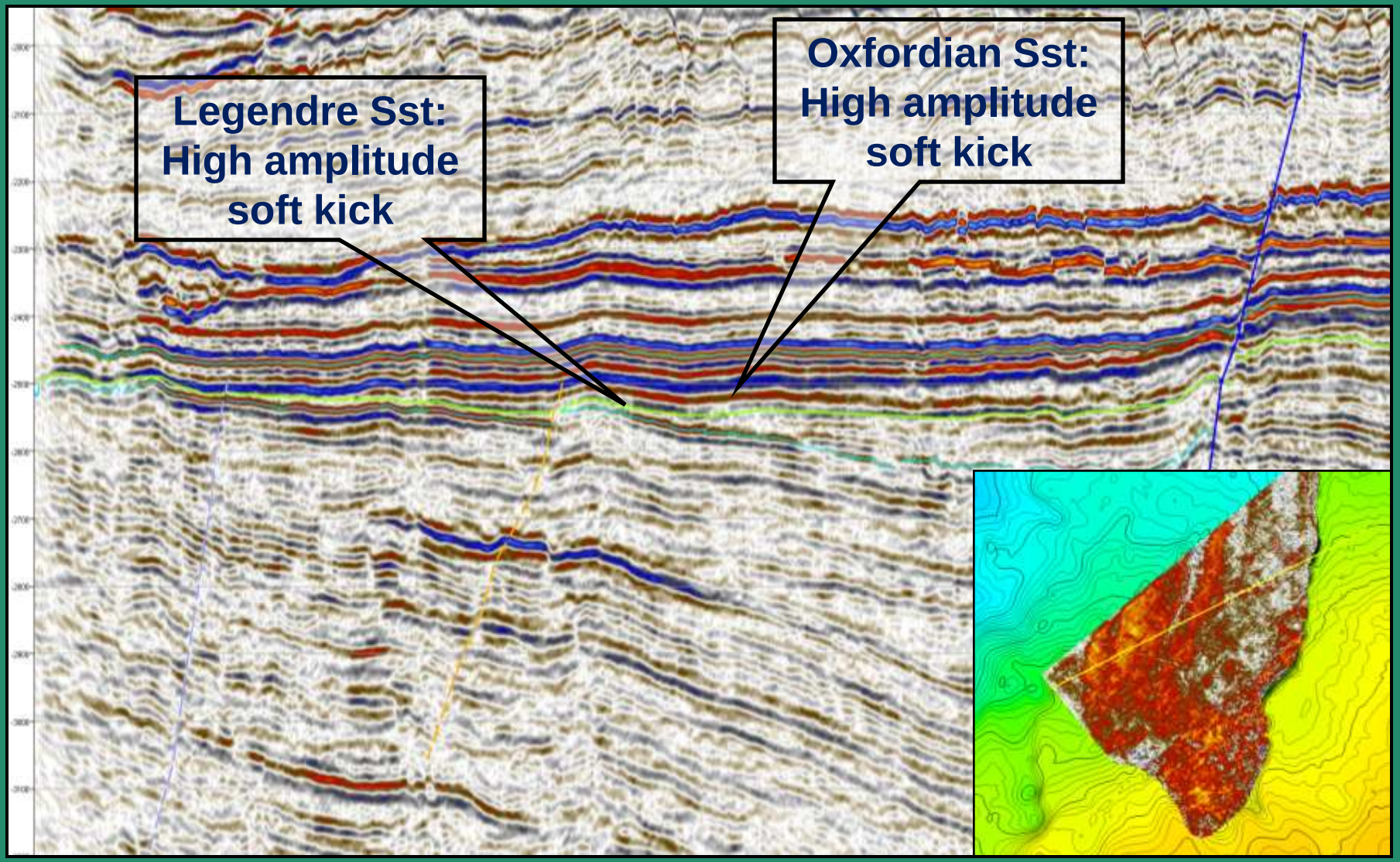
Carnarvon Basin Prospects

- Substantial identified prospectivity independent of Zeus



Artemis Prospect

- AVO supported seismic amplitudes conformable with structure
- Additional 3D seismic planned 1H'09



Bonaparte Basin – CO_2 challenged gas

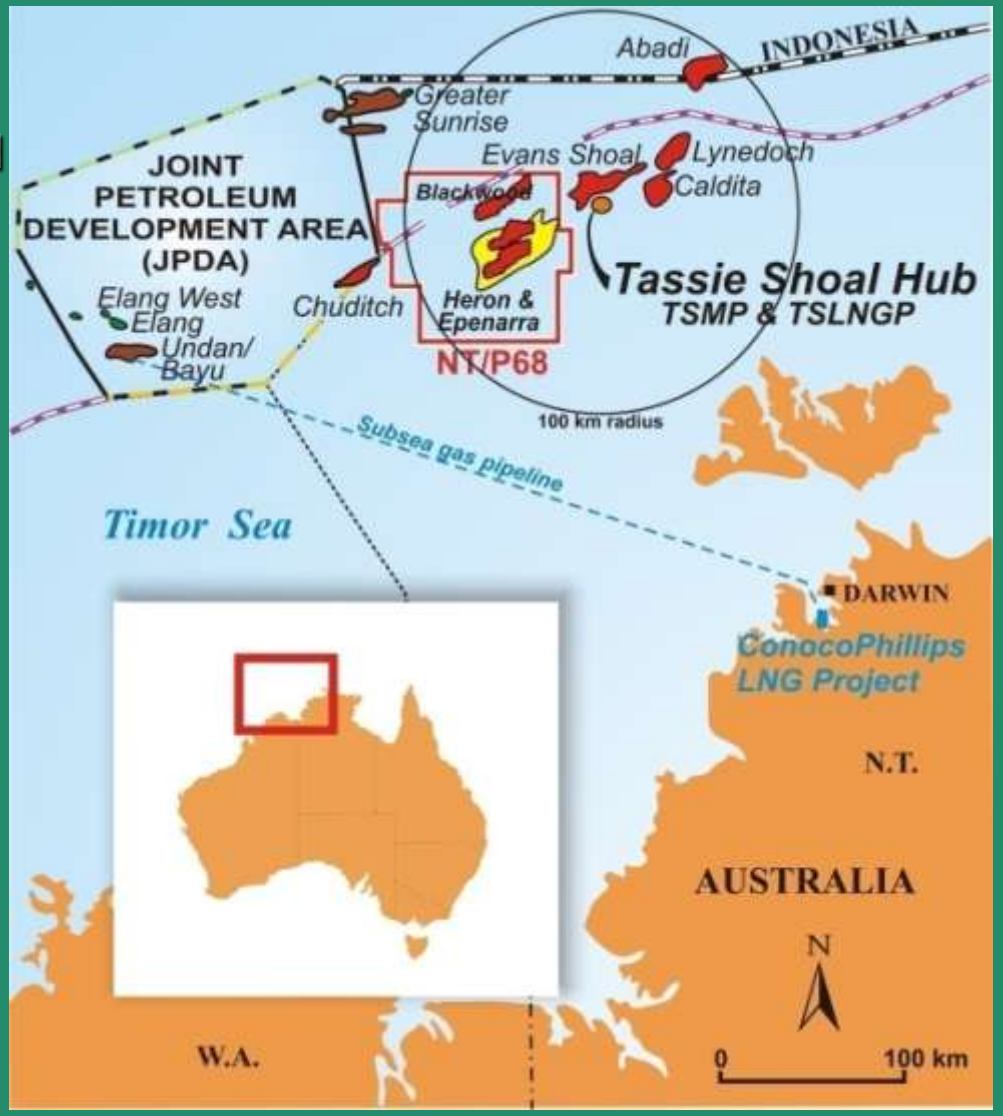
Commercial impediments

- Gas quality: Dry, Dirty (CO_2)
- Location: Distant, Deep, Disputed
- JV issues: Dysfunctional

- Single project vs regional Hub

MEO's solution

- Tassie Shoal - the future hub
  - CO_2 converted to methanol
  - Proximal to gas discoveries
  - Avoids expensive gas pipelines
  - 3rd party gas welcome
  - Undisputed Australian waters
- Low cost development
  - Pre-fabricate in SE Asia
  - Pre-commission
  - Tow to site - Tassie Shoal
  - Simple de-commissioning



Methanol – a CO_2 sink

Carbon Sequestration by Steam Methane Reforming (SMR) Methanol Process

- **Gas Reforming:**

  $3 \times [CH_4 + H_2O \Rightarrow CO + 3H_2]$

  $+ [CO_2 + H_2 \Rightarrow CO + H_2O]$

  ie $3CH_4 + CO_2 + 2H_2O \Rightarrow 4CO + 8H_2$

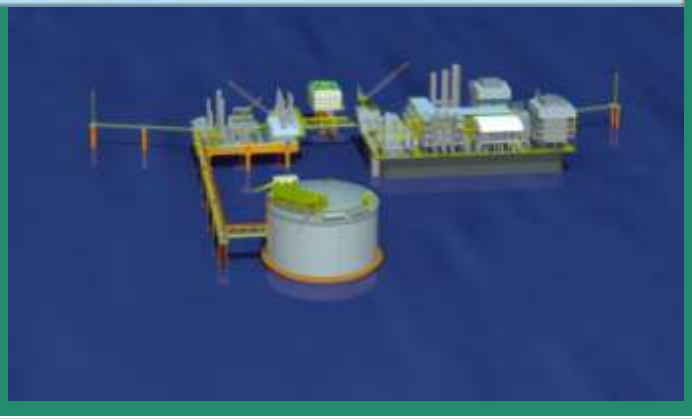
- **Methanol Synthesis:**

  $4CO + 8H_2 \Rightarrow 4CH_3OH$

- 1 mol CO_2 with 3 mols CH_4 is ideal for synthesis to methanol

Tassie Shoal

– an ideal infrastructure Hub with an integrated solution for CO_2 disposal



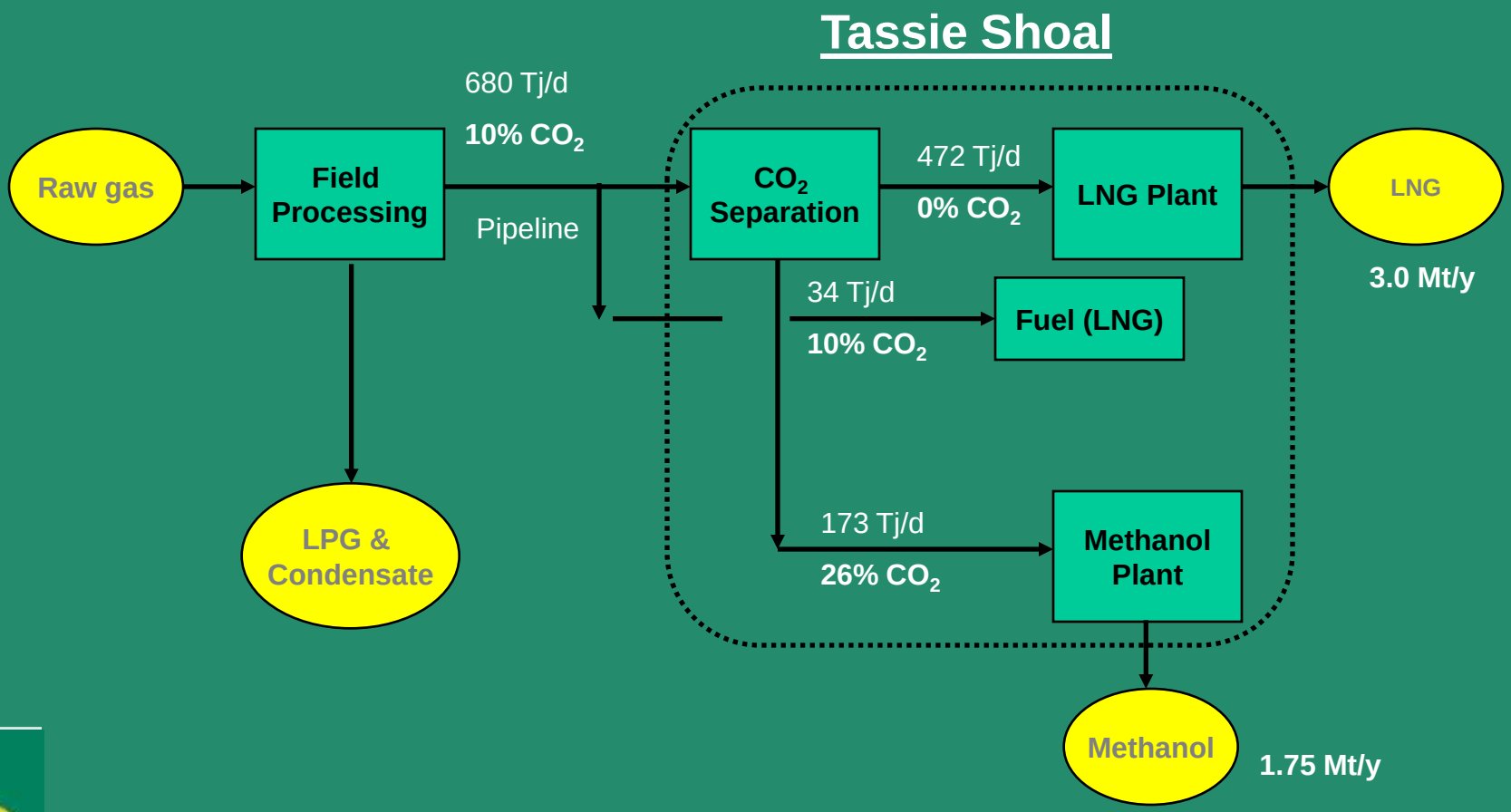
GTL Projects – with Approvals!

- Integrated solution for CO_2
- Substantial CAPEX savings
- Environmental approvals secured (EPBC Act) until 2052
- Tassie Shoal Methanol Project
  - 2 x 1.75 Mtpa
- Timor Sea LNG Project
  - 3 Mtpa
- Fast-track to market
- Un-disputed Australian waters

The economic 'game-changer'

Tassie Shoal GTL Projects

An integrated solution for CO_2 challenged gas



Requires ~4.7 Tcf raw gas to operate for 20 years

Tassie Shoal LNG – a viable alternative

Estimated costs * (US$M)	Land-based LNG	Tassie Shoal LNG (approved)	Potential Savings
Plant Costs	1,549	1,070	479
Pipeline	943	288	655
LNG Tank	300	308	(8)
Loadout/Jetty	200	236	(36)
Project/Owners Costs (8.5%)	252	161	91
Total Project Cost	**3,244**	**2,063**	**1,181**

- Capex savings result from:
  - Pre-fabricated/pre-commissioned plant with substantially reduced footprint (sea water cooled)
  - Dramatically reduced pipeline distances resulting in lower costs
- Higher operating costs are offset by shorter transportation distance to market
- Tassie Shoal Hub offers CO_2 sequestration and operational synergies

** Independent cost estimates 3Q 2008*

Summary

- **People**
  - New board and enhanced management team
- **Projects**
  - Greater portfolio depth, rigorous technical evaluation
  - Zeus-1 (MEO 35% interest) targeting >15 Tcf gas-in-place potential
- **Carnarvon Basin**
  - New exploration concepts predicated on proven analogues
  - Prospects/leads with material potential proximal to infrastructure
  - Substantial prospectivity in WA-360-P independent of Zeus play
    - Planning additional 3D seismic acquisition in 1H'09
    - Seeking new farm-in partner – 2Q'09
- **Bonaparte Basin – existing discoveries with path to market**
  - Require further appraisal
    - Seeking new farm-in partner(s) – 2Q'09
- **Tassie Shoal – Hub Concept gaining acceptance**
  - An integrated CO_2 solution = an economic 'game changer'
  - Enhances economics for ALL players
  - Discussions underway with major gas resource custodians

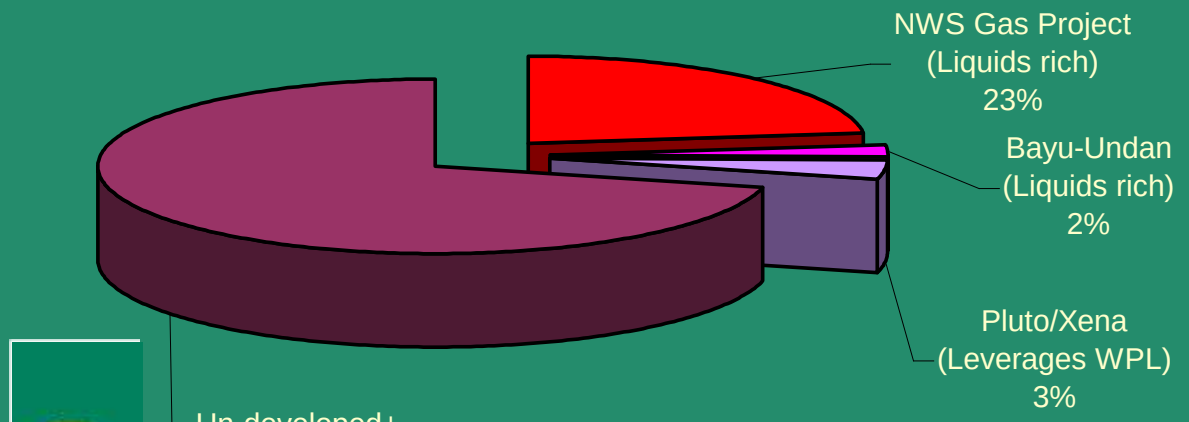
Supplementary Information

LNG Projects need high quality gas

Category	Tcf	%
Developed		
NWS Gas Project (Liquids rich)	33	23%
Bayu-Undan (Liquids rich)	3	2%
Total Developed	**36**	**25%**
Developing		
Pluto/Xena (Leverages WPL)	5	3%
Un-developed+	**103**	**71%**
Total*	**144**	**100%**

+ Commercial impediments

- Dirty (high in CO_2)
- Dry (low in NGL's)
- Distant (from I/S)
- Deep water
- Dysfunctional JV's
- Disputed territory



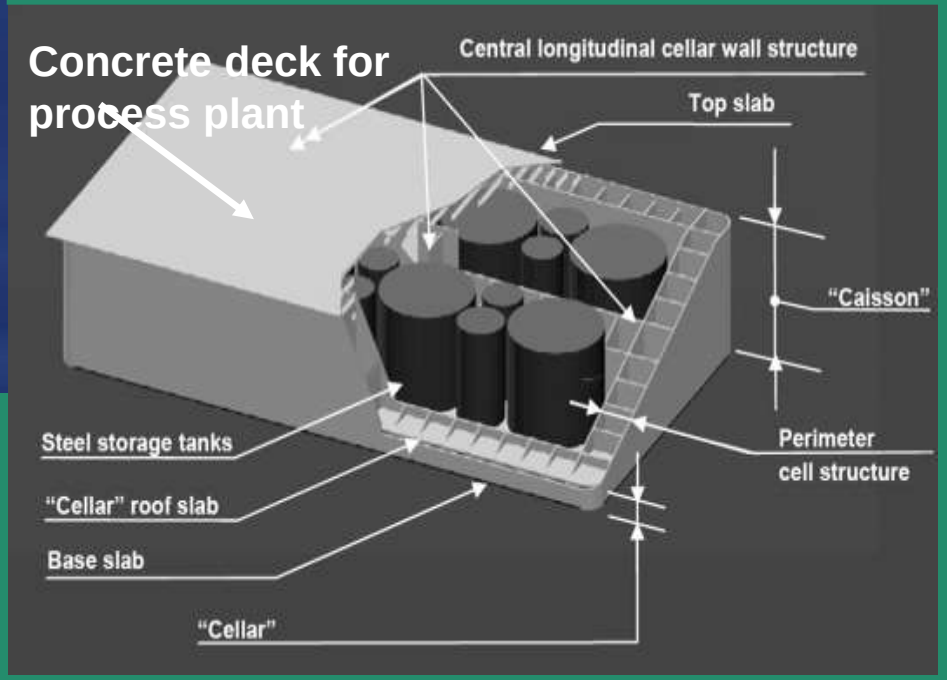
**Source: Parliament of Australia, Research Paper 25 2007-08, Mike Roarty, 1 April 2008*

TSMP – uses conventional CGS substructure

Technical specifications

Capacity: 5,000 tpd, 1.75 Mtpa
DPT/JM SMR process
Can convert high CO_2 gas (20%-35%)
CGS dimensions: 35m tall, 200,000 t
- Base: 170m x 93m
- At top:180m x 100m (wave deflection)

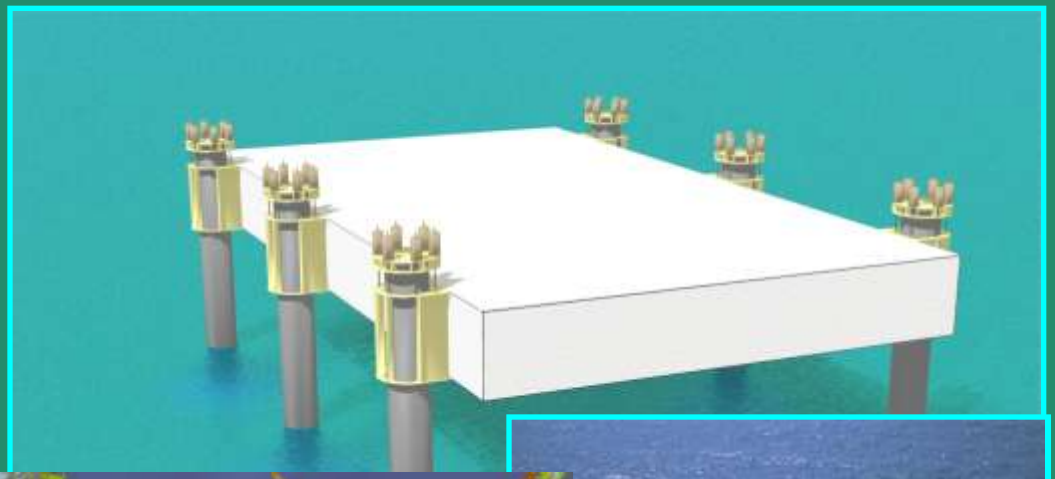
Installed in 14m water depth

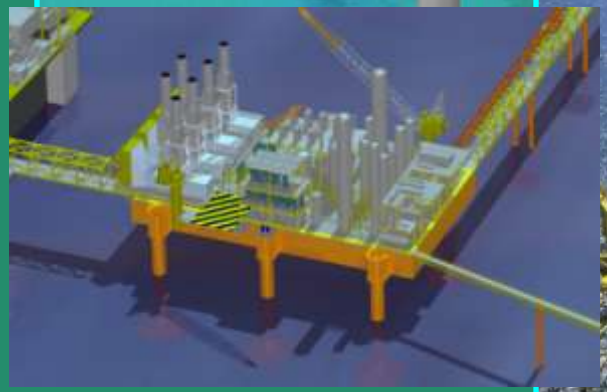


Topsides 30,000 t
Total height 95m
20 day final product storage

TSLNGP uses standard technology

- sea water cooling substantially reduces footprint





Hang Tuah platform, Indonesia
Conoco-Phillips

Technical specifications

3 Mtpa (EPBC approved)

- -APCI DMR process
- -Indirect seawater cooling

Ace platform (ARUP Energy)

- -100x50x8m
- -15m water depth

Topsides 15,000 t

Single 170,000 m^3 storage tank

Torp HiLoad loadout system

- - Avoids tugs & jetty