



MEO Australia Limited
ABN 43 066 447 952

Level 23
500 Collins Street
Melbourne Victoria 3000 Australia

Tel: (+61 3) 8625 6000
Fax: (+61 3) 9614 0660
Email: admin@mEOAustralia.com.au
Website: www.mEOAustralia.com.au

ASX & Media Release

Re-gains 100% unencumbered interest in Tassie Shoal Methanol Project

Key Points:

- **Joint Development Agreement & associated agreements with Air Products terminated**
- **Consideration of US\$1 million termination fee plus US\$6 million contingent payment from any proceeds of sale of interest in project payable to Air Products**
- **Expressions of interest to be sought 2Q-2012 for participation in Tassie Shoal Projects**

MELBOURNE, AUSTRALIA (19th December, 2011)

MEO Australia Limited (ASX: **MEO**; OTC: **MEOAY**) advises that it has executed a Termination Deed with Air Products that terminates the 2004 Joint Development Agreement (“JDA”) between the two companies pertaining to the Tassie Shoal Methanol Project (“TSMP”) and the subsequent 2006 Amendment Agreement that effectively suspended the JDA.

In consideration for executing the Termination Deed, MEO will pay Air Products a termination fee of US\$1 million together with a contingent payment of US\$6 million payable from the sale of an interest in the TSMP. Air Products will receive the first US\$1 million from any sale proceeds, while additional proceeds will then be shared by the two companies on a 50/50 basis until Air Products achieves the total contingent payment of US\$6 million.

When the JDA was agreed in 2004, it was envisaged that the TSMP would attract 3rd party gas and monetise high CO₂ gas in the region by conversion into methanol. This business model has not been successful and MEO intends to pursue a fresh approach. The first step in this strategy has been to terminate the JDA and related agreements.

As a result of this transaction, MEO has regained a 100% unencumbered interest in the projects to build two world scale methanol plants that comprise the TSMP and now has the flexibility to contemplate separate ownership of each plant. MEO will re-structure the Tassie Shoal gas processing projects during 1Q-2012 to facilitate separate ownership of each of the two 1.75 Mtpa methanol plants and also the 3 Mtpa LNG plant.

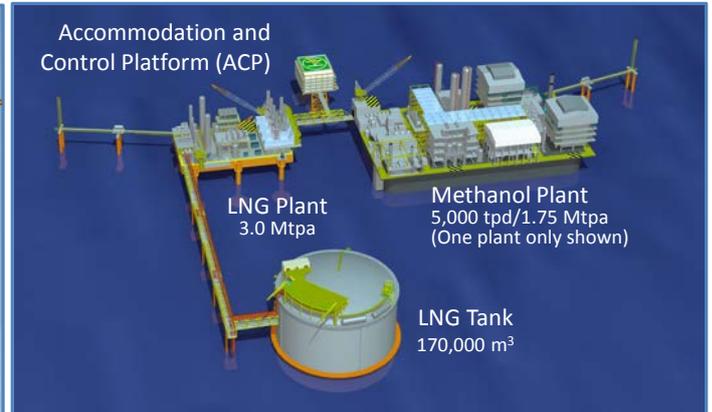
Expressions of interest to participate in these gas processing projects will be sought commencing 2Q-2012. This initiative is in response to recent transactional evidence for a marked increase in the value of gas in the region, coupled with the demand for readymade commercial solutions to monetise high CO₂ gas and secure long term tenure to gas resources.

Jürgen Hendrich
Managing Director & Chief Executive Officer

MEO Australia Limited

Tassie Shoal Methanol Plant Project Overview

December 2011



Highlights

- Strategically located proximal to several undeveloped gas fields
- Enables commercialisation of high CO₂ gas stream
- Stand-alone design, with potential to capture synergies with Tassie Shoal LNG Project
- Environmental permits in place for two 1.75Mtpa Methanol plants
- Detailed pre-FEED development plans
- Major Project Facilitation Status conferred by Federal Government

MEO Australia has detailed pre-FEED development plans to produce Methanol at Tassie Shoal, a shallow water area (~15m depth) in the Timor Sea approximately 275km north west of Darwin ("TSMP"). The area is surrounded by a number of large, undeveloped gas fields, some of which have high (>10%) CO₂ levels which normally poses significant economic and environmental development challenges for offshore gas fields.

The unique concept of TSMP enables the commercialisation of a broad range of variable quality raw gas field resources by converting high CO₂ raw gas into Methanol via the conventional Steam Methane Reforming process.

In conjunction with MEO's Tassie Shoal LNG Plant ("TSLNGP") and depending on the quality of the raw gas and the size of the source field, an optimised production stream can be determined to enable the production of both LNG and Methanol which will eliminate the need for expensive CO₂ reinjection facilities. The TSMP and TSLNG facilities are designed to be stand-alone or complementary projects, providing substantial configuration flexibility to maximise the value of the upstream resources.

A single TSMP train requires ~1.4 TCF raw gas (with ~25% CO₂ for 20 years of operation.

For further information please contact Robert Zammit, Executive Manager Business Development on robert.zammit@meoaustralia.com.au.