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ASX AND MEDIA RELEASE

Major Project Facilitation (MPF) Status granted for Tassie Shoal projects

MELBOURNE, AUSTRALIA (7th May, 2009) -- MEO Australia Limited (ASX: MEO) advises that the Federal Government's decision to renew Major Project Facilitation status for the Tassie Shoal Methanol Project and the Timor Sea LNG Project will help in new plans to develop these projects.

CEO and Managing Director of MEO Australia, Jürgen Hendrich, said the decision by the Minister for Infrastructure, Transport, Regional Development and Local government, the Hon Anthony Albanese, showed confidence in MEO's plans to develop Tassie Shoal as a hub for the commercialisation of surrounding gas fields.

"Our projects involve positioning pre-built production and storage facilities on Tassie Shoal. The methanol plant and LNG storage tank will be built on concrete gravity structures which will be towed to the site and water ballasted to rest on the shoal while the small footprint LNG plant will be pre-built on a self erecting platform", said Jürgen Hendrich.

"Tassie Shoal has many benefits for this type of development. It is an area of shallow water in undisputed Australian waters about 275 kilometres north-west of Darwin and is surrounded by approximately 25 Tcf of undeveloped gas fields within a 150 km radius."

While much of this surrounding stranded gas is medium to high CO₂ (10 – 25%), the methanol project will use a process which operates most efficiently with a feed gas stream containing 25% CO₂.

MEO's Tassie Shoal will have environmental benefits in that the Methanol process will absorb CO₂ which would normally be vented from the LNG component of the project. In effect, it will act as a carbon sink and therefore reduce its carbon footprint.

The CO₂ is converted into methanol of which around 80% is used to produce highly stable end use products such as adhesives, fabrics, paints and silicones, effectively sequestering the CO₂ into methanol derivative products.

Several companies with undeveloped gas resources in the region would be able to benefit from utilising MEO's Tassie Shoal project as a development hub. It has the potential to provide an integrated solution which not only avoids the billion dollar expense of a pipeline to Darwin and the technological uncertainties of floating LNG but can also effectively deal with the CO₂ in their gas.

While MEO propose that the LNG and Methanol production modules and storage tanks will be manufactured in Asia and transported to Tassie Shoal, many of the ancillary components could be manufactured in Australia. MEO has estimated that the Australian content of the projects' components could be as high as A\$200 million.

The operation of the projects would be staffed from Darwin and each would generate approximately 110 direct full time jobs. Darwin would also act as the supply centre for the projects, with goods and services being supplied to the projects by boat and helicopter. Ancillary services associated with the projects would offer considerable opportunities for the participation of local businesses in Darwin. It is estimated that each project would generate up to 500 local jobs during the construction stage. The development of upstream facilities would generate a similar number of jobs during the construction.

“The Tassie Shoal projects have the potential to markedly increase Australia’s export income,” said Jürgen Hendrich.

Hand-in-hand with MPF is Tassie Shoal’s environmental credentials. MEO has already secured the necessary environmental approvals to install and operate two 1.75 Mtpa methanol plants and one 3.0 Mtpa LNG plant at Tassie Shoal.

“As well as the potential to utilise gas from other companies, we are progressing with plans to develop our own gas resources in the NT/P68 permit which is immediately adjacent to Tassie Shoal. Drilling the Blackwood-1 and Heron-2 wells in this permit both led to gas discoveries in 2008,” said Jürgen Hendrich.

“MEO is currently in the process of farming out a portion of our 90-100% interest in NT/P68 to fund the drilling of additional wells in the permit in 2010.”

“All this points to an exciting future for the development of Tassie Shoal.”



Jürgen Hendrich

Managing Director & Chief Executive Officer
MEO Australia Limited

Proposed Development Concept

