# Excitement builds in bolstered Meo after year of change

**Barry FitzGerald**
December 15, 2008

## A new board aims to develop Tassie Shoal as a regional hub.

## MEO Australia

MEO Australia (MEO) is not alone among the oil and gas explorers to have had its share price trashed in 2008. At Friday's close of 11 cents a share, it is down by some 93 per cent on its year-opening price of $1.62.

You would have to think that things could only get better in 2009 for the Melbourne-based explorer with twin big-time ambitions in liquefied natural gas and methanol. What can be said is that MEO has certainly laid the groundwork for better things in 2009.

It likes to think of 2008 as a year of transition. A new board of directors has been installed and its management expertise deepened. For a company of its size, it would be hard to find a better credentialed lot. Former ExxonMobil and BHP Billiton executives abound.

Under new chief executive Jurgen Hendrich, MEO has also been busy redefining its goals. Once there was the aggressive pursuit of stand-alone LNG/methanol projects in the Bonaparte Basin. Now there is the promotion of the group's Tassie Shoal location as a regional development hub, one that can solve the region's "dirty" and stranded gas problems.

Tassie Shoal has Federal Government clearance for a 3.5 million tonne methanol project and a 3 million tonne LNG project. Importantly for projects in the Timor Sea, Tassie Shoal sits in undisputed Australian waters.

Gas in the region generally has a high carbon dioxide count. In an increasingly carbon emissions constrained world, it has to be dealt with. Pump it back into the reservoir at a cost if you can, or strip it out of the gas stream going to an LNG plant to make methanol — all of it "parked" out there on Tassie Shoal.

MEO was looking to do all that with its own gas. But indifferent results have changed the strategy to one in which third-party gas in the region — and there is lots of it — is welcome to come to Tassie Shoal.

Apart from anything else, landing gas on Tassie Shoal would do away with the need for a pipeline back to Darwin, which would save near on $1 billion in costs. MEO is now out there talking to other industry players on advancing the Tassie Shoal development hub concept.

Closer to hand is the excitement that will build with the drilling of the Zeus gas exploration well in the Carnarvon Basin offshore, north-west Western Australia. After striking a strategic alliance with Gold Coast mining magnate Clive Palmer, MEO is just weeks away from drilling Zeus in permit WA-361-P.

It's a multitrillion cubic feet stratigraphic gas play said to have similar characteristics to Woodside's Perseus gas field (12 trillion cubic feet of gas) in the adjacent fault block. MEO has got 35 per cent of the action while Palmer's Resource Development International (RDI) is funding 80 per cent of the cost of the well for a 35 per cent interest, leaving Cue and the unlisted Gascorp with 15 per cent each.

The well will be drilled as soon as the rig Songa Venus is released from duty in the Ichthys North exploration well for another joint venture. Success with the well would be a game changer for MEO, and given its proximity to established gas infrastructure, it will be closely watched by all of the other players on the North West Shelf.

MEO's North West Shelf exploration plans were curtailed somewhat when Palmer deferred his planned $5 billion float of RDI because of the sharemarket crash. RDI was to have largely funded the drilling on two more of MEO's North West Shelf permits, WA-359-P and WA 360-P. MEO has said it expects to secure a replacement joint partner for those permits in the near future.

## Ivanhoe Australia

AGGRESSIVE exploration programs in response to the 5-year boom in commodity prices are being dumped as quickly as the boom is unravelling.

But that's not so with Robert Friedland's local offshoot Ivanhoe Australia (IVA). Cashed up from its $125 million August float, Ivanhoe has kept on drilling. It has been notching up some real success too, which is just as well as the $2 shares in the float were selling for all of 33 cents a share on Friday.

Back in September, Ivanhoe served up an initial resource estimate for its three key projects in north

Queensland's Cloncurry region. There was 3.1 million tonnes of copper and 5.1 million ounces of gold reported.

That was big enough to begin planning for a move into copper/gold production inside the next couple of years. There is a new overlay to that planning, with Ivanhoe one of the few that can take advantage of the distressed state of much of the mining industry in the Cloncurry region by picking up fire-sale assets.

But the real buzz came last week when Ivanhoe announced a high-grade molybdenum/rhenium discovery it has called Merlin.

By any measure, the moly grades are exceptional for Mo, with the presence of rhenium a potential sweetener in any mine development. It's early days yet but on results so far, Merlin looks to host more than 10 million tonnes of high-value moly/rhenium mineralisation. More will be known early in 2009 when the first mineral resource estimate is expected.

# Today in Business

More Business news