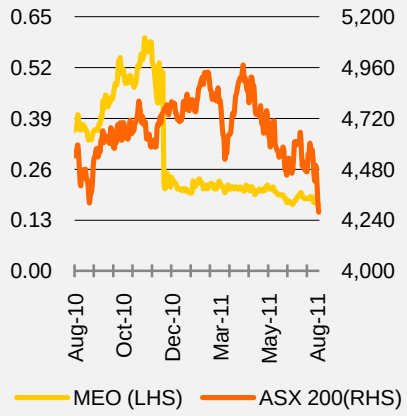
MEO Australia Limited

(Ticker: ASX:MEO)

RB MILESTONE GROUP
Equity Research and Market Intelligence

August 24, 2011

Price (A$):	**0.155**
Target Price (A$):	**0.714**
Beta:	**1.48**
Price/Book Ratio:	**0.39**
Debt/Equity Ratio:	**0.00**
Listed Exchange:	**ASX**



Recent News

08/07/2011: MEO Australia Limited secures 100% interest in the exploration permit AC/P53 in the Ashmore Cartier region of the Timor Sea

05/07/2011: MEO Australia Limited announces that all conditions precedent for an Eni farm-in to NT/P68 have been fulfilled and Eni is now registered as a 50% participant of the NT/P68 permit

01/07/2011: MEO Australia Limited announces that Petrofac has decided not to exercise its options to acquire 5% interest in NT/P68 and in the Tassie Shoal projects

28/06/2011: MEO Australia Limited acquires 100% interest in Seruway PSC, located offshore of North Sumatra, Indonesia from Transworld Exploration Limited

Shares in Issue

539.91 M

Market Cap

(A$M) 83.7

52 Week (High): A$0.615

52 Week (Low): A$0.140

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A Prospective Methanol & LNG Play

MEO Australia Limited (MEO) is a Melbourne-based company focused on the discovery and commercialization of hydrocarbons. The company has five exploration-stage projects in provinces of Australia and Indonesia, namely, the Bonaparte Basin exploration permits (NT/P68 and WA-454-P); North West Shelf - Carnarvon Basin exploration permits (WA-360-P and WA-361-P); Vulcan sub-basin exploration permits (AC/P50, AC/P51 and AC/P53) in the Ashmore/Cartier region; Seruway PSC in North Sumatra, Indonesia and South Madura PSC, onshore Madura Island, Indonesia. The company also has approved Tassie Shoal gas processing projects in the Timor sea. It is planning to optimize the prospects of its hydrocarbons assets by producing methanol and LNG through the Tassie Shoal Methanol Project (TSMP) and the Timor Sea LNG Project (TSLNGP), respectively. MEO has a 50% interest in TSMP, while Air Products has the right to earn the remaining 50% stake in TSMP upon funding pre-FEED (front-end engineering and design) and FEED studies pursuant to a joint development agreement executed in 2004 and amended in 2006.

MEO made two gas discoveries in NT/P68, Blackwood and Heron, potentially suitable for the production of methanol and LNG, respectively. According to the company's resource assessment, the Heron north property has proven and probable (2C) resources of 0.29 trillion cubic feet (Tcf) and the Greater Heron structure has prospective resources of 4.96Tcf. The company has also executed a farm-in agreement with Eni Australia Limited. Under this agreement, Eni will earn a 50% stake in Heron gas discovery by funding the drilling of two wells, with a further option to earn a 50% stake in the Blackwood gas discovery by conducting at least 500 sq km of 3D seismic survey and drilling a well in Blackwood. It can acquire an additional 25% interest in both the discoveries by fully funding MEO's share of the work program to reach FID in Heron and/or Blackwood. Eni will also make a one-off bonus payment of US$75 million to MEO upon achievement of Final Investment Decision (FID) for either Heron or Blackwood. Eni has also undertaken to drill two wells on Heron at a cost of US$60-US$80 million each.

MEO has 100% interest in exploration pemit WA-454-P, which hosts Marina gas discovery. The company currently has a 25% interest in WA-360-P and a 50% interest in WA-361-P. The permit for WA-360-P expires on January 31, 2012 which the company expects to renew with 50% relinquishment. In addition, the company is planning for a permit year-2 seismic acquisition in WA-361-P, expected in 2012. The company has 100% interest in exploration permits AC/P50, AC/P51, AC/P53 and Seruway PSC, The Seruway PSC, North Sumatra, has two gas discoveries, namely, Gurame and Kuala Langsa. The company also has a 30% stake in South Madura PSC, which was acquired in June 2011.

We have valued MEO on the basis of peer EV/Resources multiple to arrive at a target price of A$0.714/share, an upside of 360% over the last traded price of A$0.155/share. The company is trading close to its 52-week low of A$0.14 and is below its cash per share of ~A$0.166/share. We have only included the resources from the Heron north gas field and Greater Heron structure in our valuation and have excluded any impact of the ongoing efforts at other four exploration-stage projects which can greatly augment the company's resource base in the future. We believe the market has not appropriately valued the encouraging prospects from its Tassie Shoal projects, especially in the light of resource prospects of 4.96Tcf at Greater Heron.

Investment Arguments

- **Encouraging Prospects of Gas in NT/P68:** NT/P68, located 25km west of the Tassie Shoal in the Timor Sea, contains two gas discoveries, Blackwood and Heron, with

potential suitable for the production of methanol and LNG, respectively. While their precise commercial potential would be ascertained only after an additional appraisal drilling, MEO's own contingent resource assessment at the Heron north property and Greater Heron structure has indicated 2C resources of 0.29Tcf and prospective resources of 4.96Tcf respectively. MEO has partnered with Eni Australia for funding the drilling of the Heron-3 well. The deal with Eni will play a significant role in unlocking the value in the NT/P68 gas discoveries. We also believe that there is strong possibility of conversion of some of the prospective resources to contingent resources post the drilling of Heron-3 well, which will improve reserve visibility and outlook for the company

- **Robust Demand for Methanol:** The global methanol market is ~ 48 million tonnes per annum as of 2010. According to the Methanol Institute, the global demand for methanol will surge by 9.8% per annum during 2010-15 and by 5.8% per annum during 2015-20. China has been the largest methanol consuming country and is likely to see its share in the world consumption growing to ~ 54% in 2015 from ~ 37% in 2010
- **Strong Cash Position:** MEO has a cash balance of A$90.1 million, translating into A$0.166 per share. MEO will utilize these funds to expand its geographical footprints in Australia as well as South East Asia by pursuing exploration/appraisal opportunities at an attractive valuation
- **Robust Prospective Operating Model for Tassie Shoal Projects:** MEO is looking to secure the raw feed gas for its Tassie Shoal Projects either through its own NT/P68 permit or through a third party located near Tassie Shoal. We believe the combined advantage of the proximity of Tassie Shoal to carbon dioxide rich gas fields; construction of plants in the low-cost south east Asia; and synergies created by the adjacently-placed TSMP and TSLNGP, will lead to considerable cost savings for MEO

Company Overview

Introduction

MEO Australia Limited (MEO) is a Melbourne-based company engaged in the discovery and commercialization of hydrocarbon resources. The company is currently focused on expanding its geographical presence within and outside Australia by adding high quality projects to its portfolio. MEO Australia Limited was founded in 1994 as Timor Sea Petroleum which, in January 2001, became Methanol Australia Limited making it more aligned with the company's increased focus on methanol. The company acquired its present name in January 2007 after it decided to actively pursue opportunities in the energy and oil space along with methanol, as indicated in its name 'MEO' which stands for methanol, energy and oil. The company trades on the Australian Stock Exchange (ASX) under the symbol "MEO" and on the premier tier of the US over-the-counter market (OTC) under the symbol "MEOAY".

Exhibit 1 : Key Events

Key Events	
January 2007	Changed its name to MEO Australia Limited from Methanol Australia Limited
January 2007	Granted Major Project Facilitation Status for TSMP and TSLNGP by the Federal Government
June 2007	Petrofac Resources farmed into NT/P68 for a 10% interest by funding 25% of well costs associated with the 2007 drilling program
October 2007	Farmed into North West Shelf permits, namely, WA-359-P, WA-360-P and WA-361-P
January 2008	Discovered Heron-2 well
March 2008	Discovered Blackwood-1 well
March 2008	Awarded contract to PGS Australia for acquiring and processing ~350 sq km of new 3D seismic data over Greater Blackwood structure
May 2008	Appointed Mr. Jurgen Hendrich as new CEO
July 2008	Completed placement of 21.39 million shares at A$0.55 per share to Mineralogy Pty Ltd for raising A$11.8 million
July 2008	Entered into a major strategic alliance with Resource Development International Limited (RDI)
December 2008	Farm-in options over two North West Shelf permits (WA-359-P and WA-360-P) lapsed
December 2008	Secured 12 month extension to drill/drop option on WA-359-P and WA-360-P
March 2009	Acquired 250 sq km Artemis 3D marine seismic survey in WA-360-P
November 2009	Completed placement of 59.9 million shares at A$0.45 per share
April 2010	Executed a binding farm-in agreement with Petrobras for WA-360-P
October 2010	Received a US$39 million cash consideration from Petrobras in relation to the WA-360P farm-in
October 2010	Acquired a 5% interest in WA-360-P for US$7 million from Rankin Trend Pty Ltd
November 2010	Acquired AC/P50 and AC/P51 permits in the Ashmore Cartier region of the Timor Sea from Silver Wave Energy Pte Limited for US$270,000
January 2011	Was granted renewal of exploration permit WA-361-P for five years
May 2011	Executed an NT/P68 farm-in agreement with Eni Australia Limited
June 2011	Was awarded exploration permit WA-454-P in Bonaparte Basin
June 2011	Acquired 30% equity in South Madura PSC, located in onshore Indonesia from Cooper Energy Limited for US$0.5 million cash
June 2011	Acquired 100% participating interest in Seruway PSC located in offshore North Sumatra, Indonesia from Transworld Exploration Limited for US$5 million cash
July 2011	Was awarded exploration permit AC/P53 in the Ashmore Cartier region of the Timor Sea

Source: RB Milestone, Company Reports

MEO has plans to produce methanol and LNG through the Tassie Shoal Methanol Project (TSMP) and the Timor Sea LNG Project (TSLNGP), respectively. It has received the requisite federal government and environmental approvals for installing and operating two 1.75Mtpa methanol plants and one 3Mtpa LNG plant at Tassie Shoal, a shallow water area in the Timor Sea surrounded by abundant undeveloped gas fields. MEO holds a 100% stake in TSLNGP and a 50:50 partnership in TSMP with Air Products and Chemicals. Air Products has an option to acquire 50% equity in TSMP by funding a major portion of FEED costs pursuant to a joint development agreement executed in 2004 and amended in 2006. The company is trying to secure suitable feed gas supplies for the development of these two projects and is pinning its hopes on the appraisal of its own gas discoveries in NT/P68 after a farm-in agreement with Eni Australia Limited (Eni).

MEO acquired the NT/P68 exploration permit in Bonaparte Basin in February 2004 to secure feed gas for its Tassie Shoal projects. The company believed that NT/P68 was an attractive prospect having gas with varying carbon dioxide content. The company made two discoveries in the NT/P68 permit, Blackwood and Heron. Blackwood has the potential to be suitable for the production of gas which would then be converted to methanol whereas Heron is conducive for LNG production as it contains higher quality, liquid-rich gas. According to MEO's prospective resource assessment, the Greater Heron structure is estimated to have Best estimate prospective resource of 4.96Tcf.

In October 2007, MEO secured two exploration permits adjacent to each other in the Carnarvon Basin, namely, WA-360-P (25%) and WA-361-P (50%). It is currently integrating the Artemis-1 well results and determining the implications for the remaining prospectivity in WA-360-P. In WA-361-P, MEO is currently planning for a permit year-2 seismic acquisition which is due in 2012.

In November 2010, the company raised A$32.6 million by a placement of 62.8 million shares at A$0.52 per share, which saw active participation by North American and UK-based institutional investors. As of June 30, 2011, MEO has a consolidated cash balance of A$90.1 million and intends to use these funds for unlocking the value inherent in the five gas discoveries, monetizing Tassie Shoal and adding high potential value projects to the company's portfolio.

In the last nine months MEO has been very active in acquiring exploration permits and significant assets. In November 2010, the company added two exploration permits, AC/P50 and AC/P51, to its portfolio from the Ashmore Cartier region of the Timor Sea. MEO paid US$270,000 in cash to Silver Wave Energy for the acquisition of these two permits. It also secured exploration permits WA-454-P and AC/P53 in June and July 2011 respectively, under the 2010 offshore petroleum acreage release.

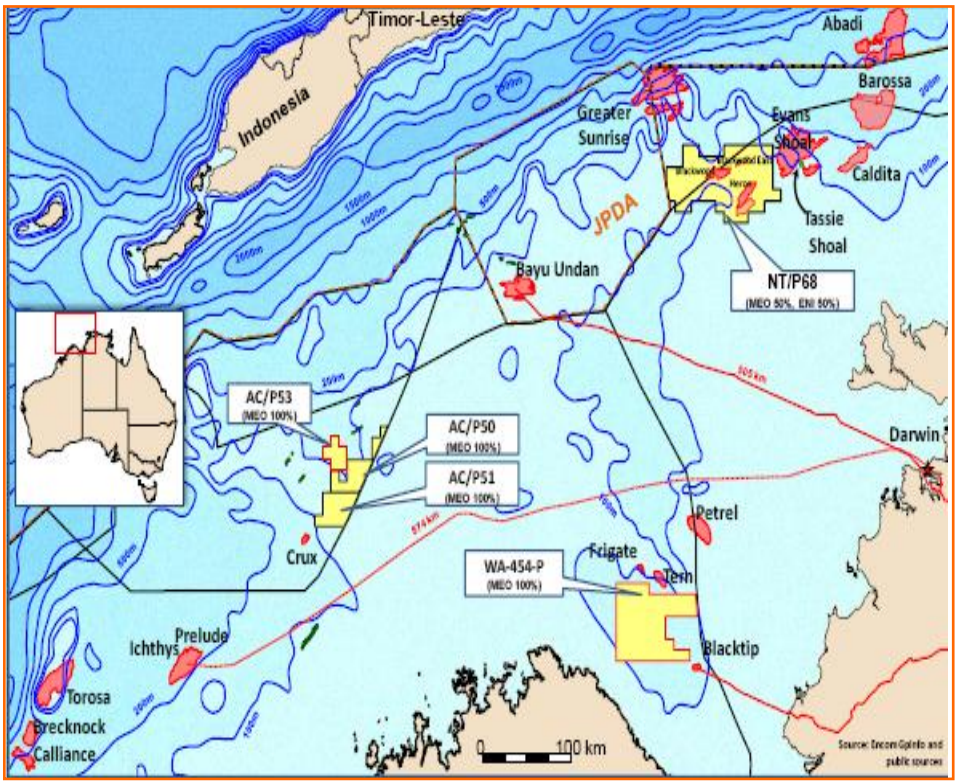
In May 2011, MEO executed a farm-in agreement with Eni Australia Limited for NT/P68. Under this agreement, Eni will earn a 50% stake in Heron gas discovery by funding the drilling of two wells. Eni has already started the preparations for the drilling of the Heron-3 well including securing a suitable rig for the drilling. Eni has a further option to earn a 50% stake in the Blackwood gas discovery by conducting at least 500 sq km of 3D seismic survey and drilling a well in the Blackwood area. It can acquire an additional 25% interest in both the discoveries by fully funding MEO's share of the work program to reach FID in Heron and/or Blackwood. Eni will also make a one-off bonus payment of US$75 million to MEO upon achievement of Final Investment Decision (FID) for either Heron or Blackwood.In June 2011, MEO acquired two production sharing contracts (PSC) in Indonesia, namely, South Madura PSC and Seruway PSC. It bought a 30% stake in South Madura PSC for US$0.5 million cash from Cooper Energy Limited and a 100% stake in Seruway PSC for US$5 million cash from Transworld Exploration Limited. MEO's acquisition in South East Asia reflects its strategy to expand its exploration portfolio through a low-cost entry approach with a focus on proven hydrocarbon systems.

For the remainder of 2011, MEO intends to integrate Indonesian acquisitions; assist in planning activities for the drilling of the Heron-3 well; plan seismic acquisitions in multiple permits; and explore alternatives for commercializing the Tassie Shoal projects.

Key Projects

Tassie Shoal Methanol Project (TSMP) & Timor Sea LNG Project (TSLNGP)

Exhibit 2 : Key Projects



Source: Company Reports

In January 2007, MEO was awarded Major Project Facilitation (MPF)[1] status for two of its major gas projects, the Tassie Shoal Methanol project and the Timor Sea LNG project, by the federal government, which was subsequently renewed in May 2009. MEO was also granted environmental approval to set up two world-scale methanol plants on Tassie Shoal in December 2002. The company was granted the approval following a full Environmental Impact Statement (EIS) conducted over a two year period. The EIS preparation involved consultation with 25 government and community organisations including commercial fishers, indigenous land councils and environmental groups. In May 2004, the Commonwealth also gave a nod to its LNG plant, which is an extension of the original approval. Both of these environmental approvals are secured until May 2052. In 2004, MEO entered into a partnership with Air Products and Chemicals, one of the world's largest industrial gas supply companies, for its methanol project, The arrangement with Air Products is a joint development agreement which was suspended in 2006 pending resolution of a gas supply. Air Products is a leading LNG technology provider, accounting for nearly 80% of the global LNG technology supply. MEO can leverage Air Products' expertise in the field of LNG for LNG production from TSLNGP.

[1] Major Project Facilitation Status demonstrates the support of the Australian Government for major and /or strategic new investments

MEO's Tassie Shoal Methanol Project (TSMP) and the LNG storage tank will be constructed on a concrete gravity structure (CGS) that will form the substructure for a production and utilities plant. Tassie Shoal is an area of shallow water in the Timor Sea, approximately 275km north-west of Darwin, in the Northern Territory of Australia. Tassie Shoal has a strategic advantage as it is surrounded by ~25Tcf of undeveloped gas within a radius of 150km. MEO has secured the necessary environmental approvals for installing and operating two 1.75Mtpa methanol plants and one 3Mtpa LNG plant in Tassie Shoal which has the potential to become a regional hub for commercializing surrounding undeveloped gas fields.

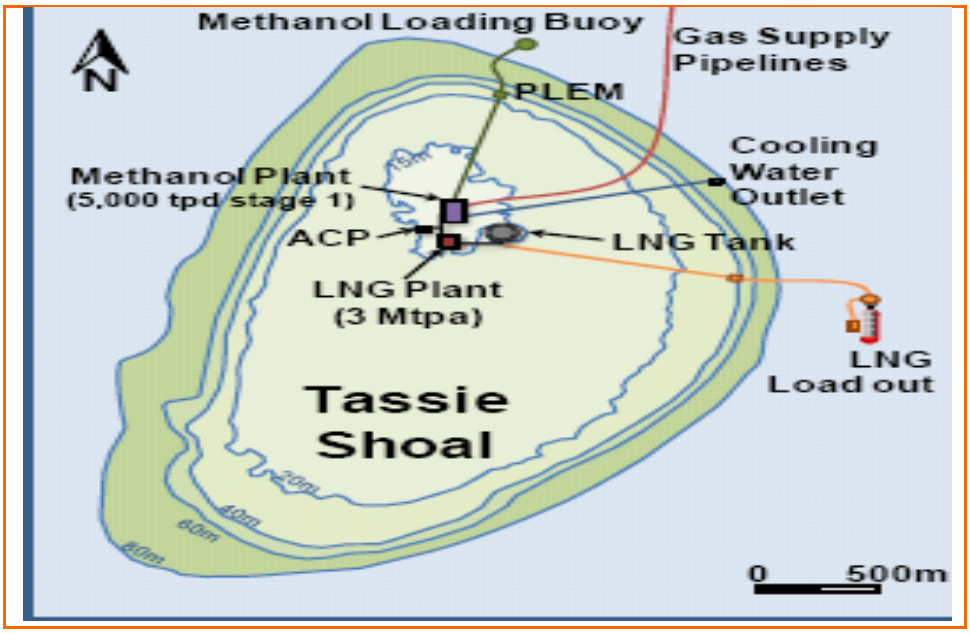
Exhibit 3 : Proposed Development Concept at Tassie Shoal

Source: Company Reports

MEO's Tassie Shoal Methanol Project (TSMP) is still at the pre-FEED (front-end engineering and design) stage. It involves the construction of two 1.75Mtpa methanol plants, each on Tassie Shoal. The plants consisting of methanol processing and associated equipment will be constructed as a single module in South East Asia. The pre-fabricated and pre-commissioned plants will then be brought to the prepared site for installation. They will be secured to the base by flooding outer ballast cells of the structure with seawater. Moreover, the ballast cells located on the perimeter of the structure protects the methanol storage tanks from any accidental collision with vessels. The first methanol plant will be built in ~3 years after FID (final investment decision) is achieved and will have a production capacity of ~1.75Mtpa. The FID on the second methanol plant is possible after one year of successful operation of first methanol plant. The second 1.75Mtpa methanol plant can be installed over the CGS after four years of installation of the first methanol plant, raising the total methanol production to ~3.5Mtpa.

MEO proposes to use the Steam Methane Reforming (SMR) process for its methanol plants as SMR facilitates efficient operation with feed gas containing 25% carbon dioxide. The manufacture of methanol from natural gas uniquely utilizes and benefits from the rich amount of carbon dioxide in the feed gas. In SMR, carbon dioxide removed from LNG feed gas stream is used in the production of methanol instead of being discharged into the atmosphere. The ideal gas quality range for methanol production using SMR is 22% to 25% carbon dioxide, thus offering an economic carbon dioxide sequestration solution. Evans Shoal Gas discovery, located within 7 km of Tassie Shoal, is an attractive option for MEO to secure raw feed gas stream. The composition of carbon dioxide in the raw feed gas stream there is ~28%, ideal for conversion to methanol.

Exhibit 4 : Tassie Shoal Projects



Source: Company Reports

The Tassie Shoal will host MEO's proposed LNG facility. A 3Mtpa LNG production module is to be constructed on a self-elevating platform. The self-elevating platform will then be transported to the site on a barge. Besides the module, a single LNG tank with 170,000 cubic meters storage capacity is to be constructed on a concrete base on the shoal along with a seawater cooling return system for the LNG production process.

TSLNGP can be beneficial for MEO as it will reduce its development costs considerably. The cost savings are due to the following reasons:

- Avoids the pipeline expenditure required for a land-based plant
- The use of an indirect seawater cooling as compared to air cooling
- The pre-fabrication and pre-commission of the LNG plant and storage tank will take place entirely in the low-cost South East Asian construction environment. The modules will then be transported to the site in Tassie Shoal
- TSMP and TSLNGP, sitting side by side, provide the process synergies and sharing of operating costs. For example, a methanol plant produces abundant steam, while an LNG plant requires considerable steam. Instrument air compressor, freshwater and logistics support can also be shared

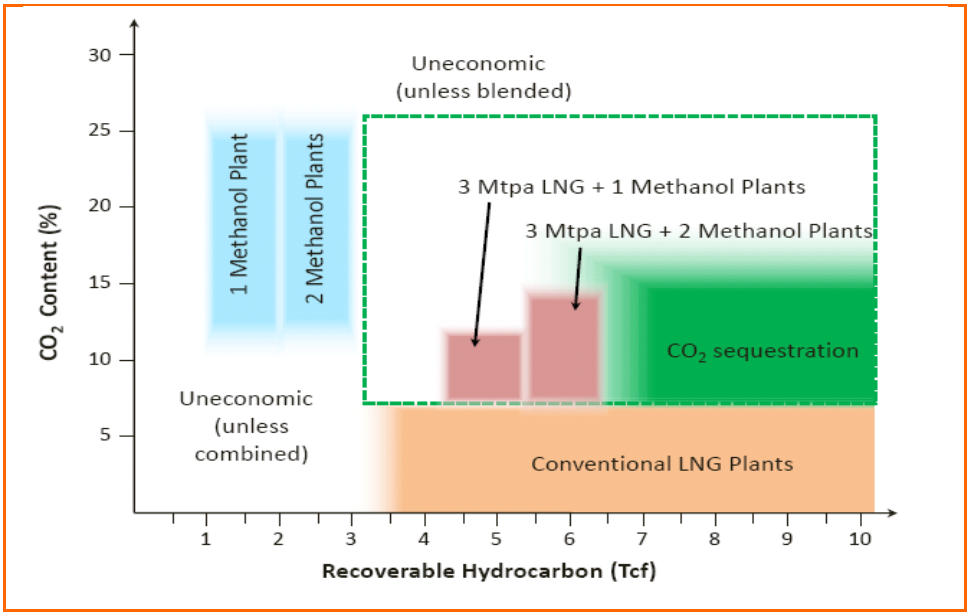
According to studies conducted by companies such as WorleyParsons, Arup, Fluor, Davy Process Technology and Air Products, TSLNGP offers capital cost savings in excess of US$1 billion compared to a similar capacity land-based plant. The development of TSMP and TSLNGP is dependent on the company being able to secure suitable feed gas supplies. Appraisal of the company's own gas discoveries in NT/P68 post the farm-in agreement with Eni Australia could resolve its feed gas problem. The feed gas can also be obtained via acquisition of equity in a field suitable for direct supply or through a purchase of regional undeveloped gas fields.

The Tassie Shoal projects provide optionality and flexibility by using carbon dioxide sequestration. Carbon dioxide sequestration refers to capture and storage of carbon dioxide from hydrocarbons.

- Recoverable hydrocarbons (less than 3Tcf) with carbon dioxide content of 15-25% can be used for the production of methanol, which requires raw gas with carbon dioxide content in the range of 22-25%

- Recoverable hydrocarbons (greater than 3Tcf) with carbon dioxide content of less than 10% can be used for conventional LNG plants
- The ideal scenario will be to have recoverable hydrocarbons (more than 3Tcf) with 10-25% carbon dioxide content. A methanol plant requires raw gas stream with 22-26% carbon dioxide whereas LNG plant gas stream requires 0% of carbon dioxide. With a gas feed having carbon dioxide content in the range of 10-15%, the company could feed both its Tassie Shoal projects, TSMP and TSLNGP. Carbon dioxide stripped from the gas stream supplying the LNG plant can be combined with the raw gas stream going to the methanol plant, raising the combined carbon dioxide content to the optimal level of 25%
- The combination of LNG and methanol plant provides attractive sequestration of carbon dioxide from a lower (say 10-15%) carbon dioxide content
- TSMP & TSLNGP are designed to be stand-alone economically feasible projects. The quality of gas supply would dictate whether they would be developed together or separately

Exhibit 5 : TSMP and TSLNGP Provide Optionality and Flexibility

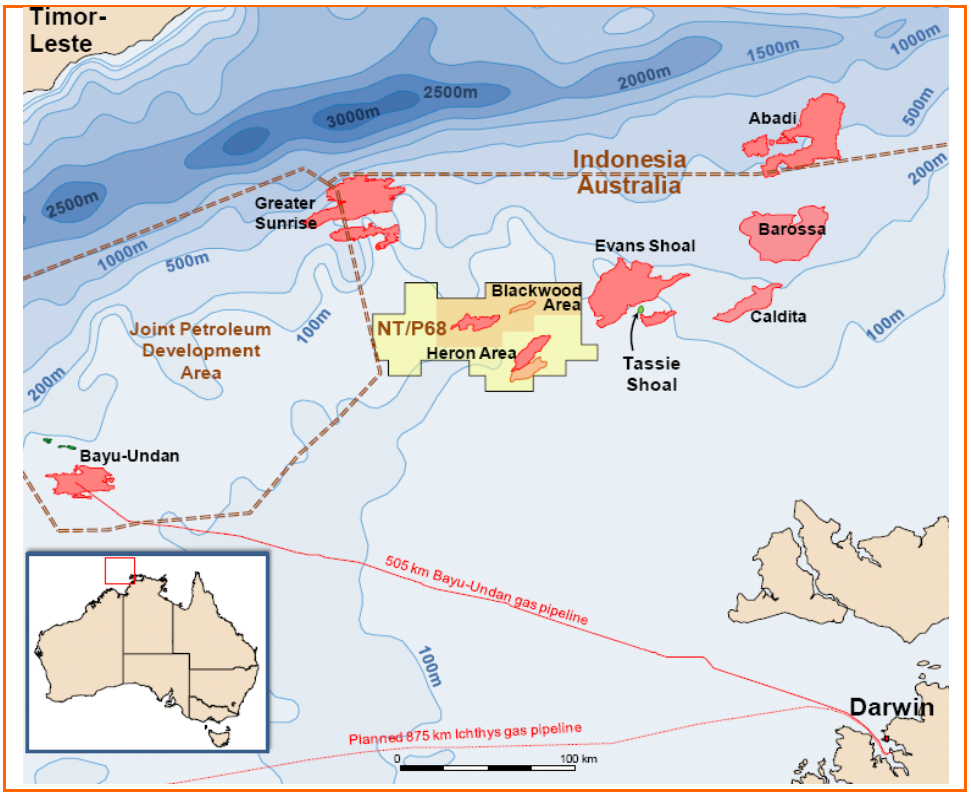


Source: Company Reports

Bonaparte Basin – NT/P68 Exploration Permit

MEO's petroleum exploration permit NT/P68 is located in the Timor Sea, 25km west of Tassie Shoal, close enough to the company's projects securing their gas supply. It is also 275km North-west of Darwin, the capital of the Northern Territory of Australia. NT/P68, which is spread over an area of ~5,900 sq km in the Bonaparte Basin, was acquired by MEO to secure gas supply for its Tassie Shoal projects. The company received environmental approval for a drilling program in the region in August 2007 and got the permit renewed for five years beginning February 2010. The permit contains two gas discoveries, Blackwood and Heron, which require additional appraisal drilling to ascertain their commercial potential. Blackwood has potential to be suitable for methanol production whereas Heron contains higher quality, liquid-rich gas suitable for LNG production. According to MEO's prospective resource assessment, the Greater Heron structure is estimated to have Best Estimate prospective resource of 4.96Tcf.

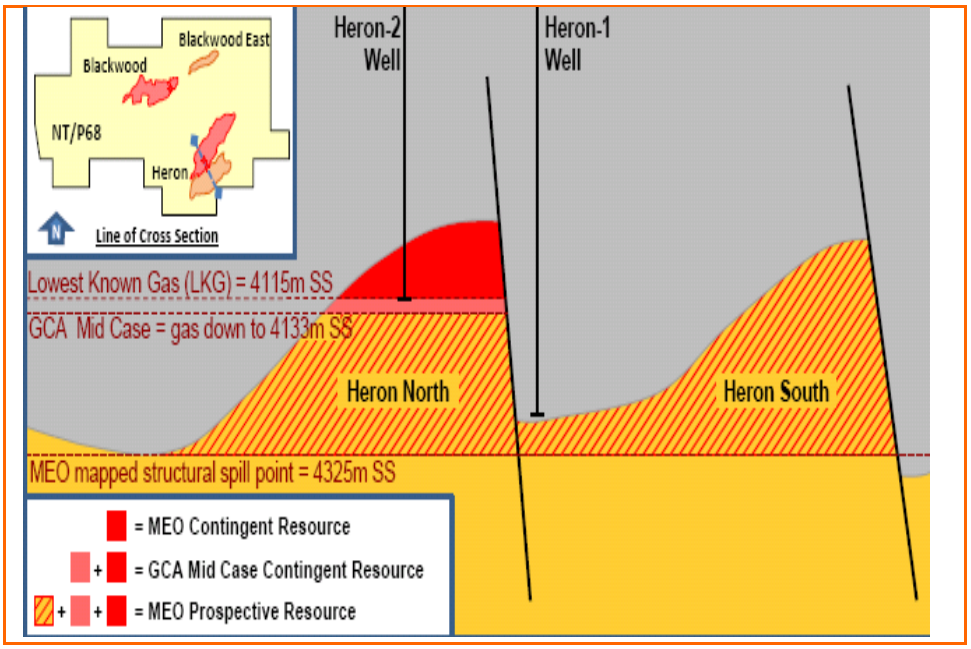
Exhibit 6 : NT/P68 Location Map



Source: Company Reports

Heron presents an attractive opportunity for MEO, warranting an appraisal. The Heron-2 gas well, drilled in early 2008, encountered more than 200 meters of gross gas column in the Plover sands of the Heron north structure. A liquid-rich signature was found on mud logs while drilling. However, the well had to be abandoned due to a collapsed borehole and cyclone interruptions. According to the current technical studies, Heron may contain ~5Tcf of prospective resource which may be lower in carbon dioxide content and higher in gas liquids than surrounding discoveries.

Exhibit 7 : Heron Discovery



Source: Company Reports

Exhibit 8 : Heron North (Discovered Resource)

Raw Gas Ultimate Recovery (Tcf)	1C	2C	3C
GCA Contingent Resource Assessment	0.19	0.39	0.80
MEO Contingent Resource Assessment	0.21	0.29	0.39

Source: Company Reports, RB Milestone

Exhibit 9 : Greater Heron Structure (Prospective Resource)

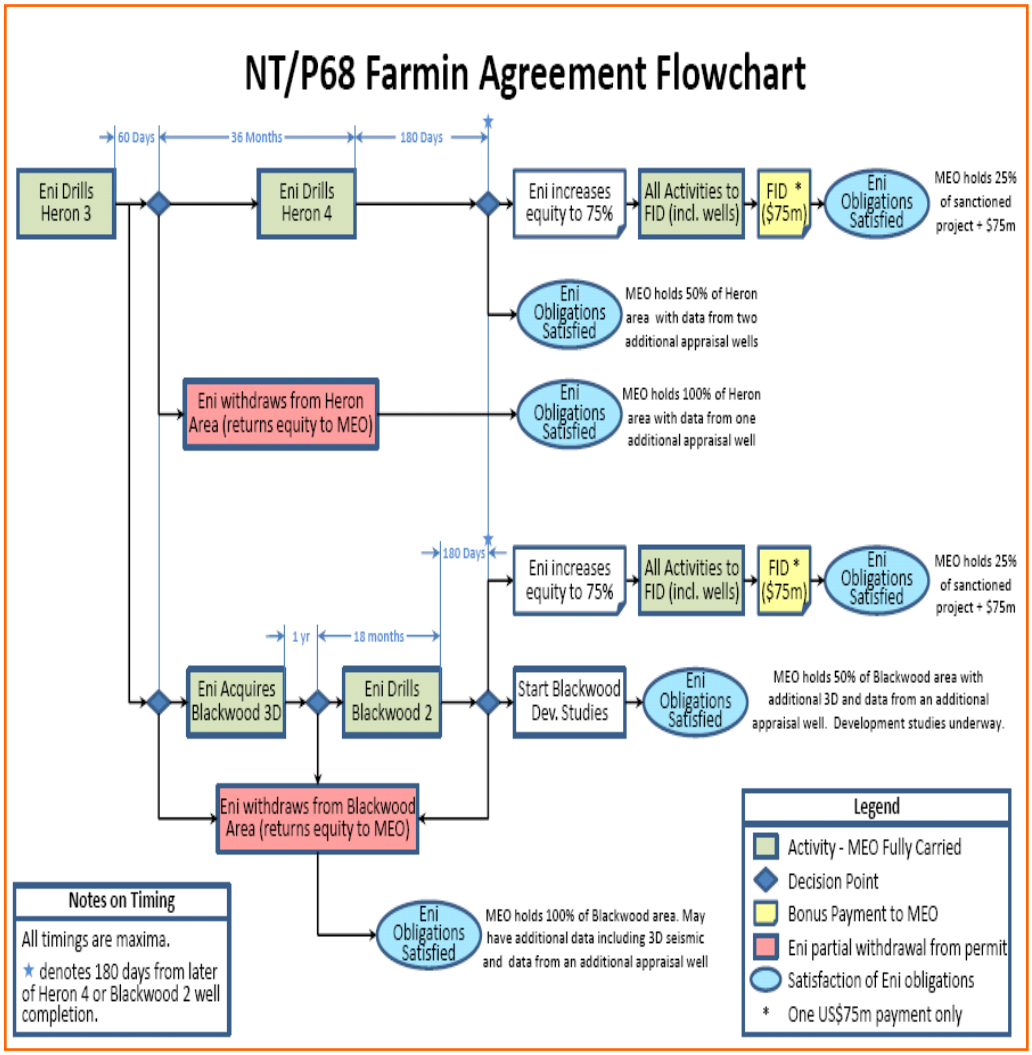
Raw Gas Ultimate Recovery (Tcf)	Low	Best Estimate	High
MEO Prospective Resource Assessment	3.66	4.96	6.64

Source: Company Reports, RB Milestone

Blackwood is a dry gas discovery with more than 25% of carbon dioxide content. The Blackwood-1 well was drilled in early 2008 targeting Elang/Plover formation sands. It intersected a 49-meter gross gas column in Plover sands. The dry gas recovered to surface had a carbon dioxide content of 25-30%, the same as that of Evans shoal gas. The intersected gas column has the potential for conversion to methanol. The company undertook a 3D seismic survey for ~384 sq km following the drilling. However, further appraisal drilling is required to ascertain the extent of accumulation and the quality of the reservoir. Successful appraisal drilling results from Blackwood could ensure sufficient amount of gas for the first of the approved methanol plants. One methanol plant requires 1.3Tcf raw gas over 20 years having 25% carbon dioxide.

MEO has executed a farm-in agreement with Eni Australia Limited in May 2011 for NT/P68. Under this agreement, Eni will earn a 50% stake in a Heron gas discovery by funding the drilling of two wells. Eni has already started the preparations for the drilling of the Heron-3 well including securing a suitable rig for the drilling. Eni has a further option to earn a 50% stake in the Blackwood gas discovery by conducting at least 500 sq km of 3D seismic survey and drilling a well in the Blackwood area. It can acquire an additional 25% interest in both the discoveries by fully funding MEO's share of the work program to reach FID in Heron and/or Blackwood. The company will also make a one-off bonus payment of US$75 million cash to MEO upon achievement of Final Investment Decision (FID) for either Heron or Blackwood.

Exhibit 10 : NT/P68 Farmin Agreement Flowchart



Source: Company Reports

WA-454-P

In June 2011, MEO acquired exploration permit WA-454-P in Bonaparte Basin with 100% participating interest. WA-454-P, covering an area of 4,320 sq km, contains the 2007 Marina gas and condensate discovery. It is located next to the undeveloped Petrel, Tern and Frigate gas fields that are being considered for development via Floating LNG and the developed Blacktip gas field, a major gas supplier to the Darwin market. The work program for exploration permit WA-454-P is as shown below:

Exhibit 11 : WA-454-P Work Program

Permit Year	Permit Year Start	Permit Year-End	Work Program	Estimated Expenditure (A$ Indicative)
1	June 9, 2011	June 8, 2012	300 km new 2D seismic survey and geotechnical studies	$300,000
2	June 9, 2012	June 8, 2013	750 km 2D seismic reprocessing and geotechnical studies	$250,000
3	June 9, 2013	June 8, 2014	400 sq km 3D seismic survey	$4,000,000
4	June 9, 2014	June 8, 2015	Geotechnical studies	$250,000
5	June 9, 2015	June 8, 2016	One exploration well	$20,000,000
6	June 9, 2016	June 8, 2017	Geotechnical studies	$250,000

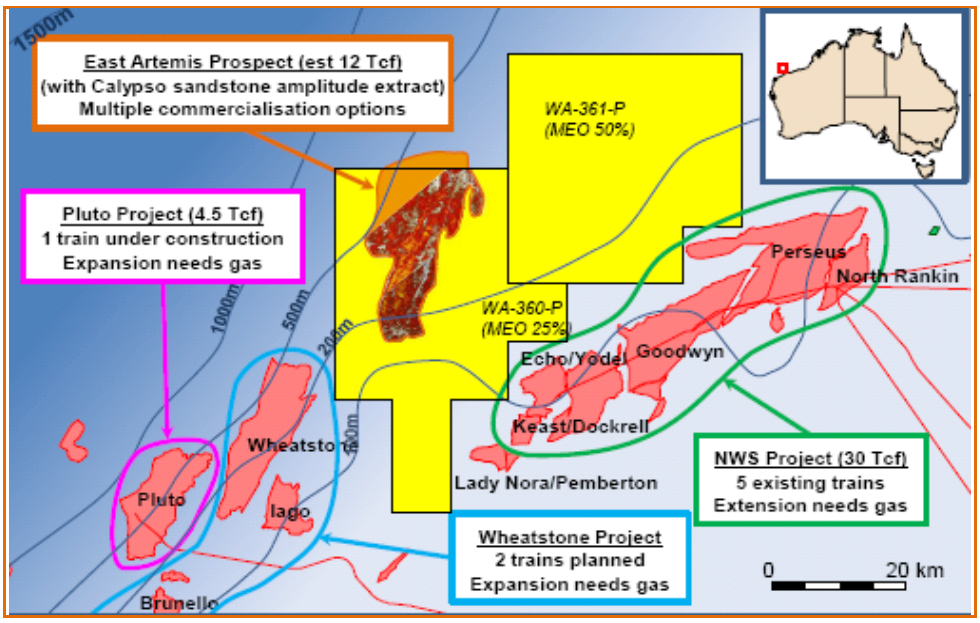
Source: Company Reports, RB Milestone

Carnarvon Basin: Exploration Permits WA-360-P and WA-361-P

MEO has two adjacent petroleum exploration permits in the Carnarvon Basin, WA-360-P (25%) and WA-361-P (50%). MEO secured three permits (WA-359-P, WA-360-P, WA-361-P) in October 2007 on a seismic option to earn a 60% interest in each of them. It could have retained a 70% interest in each permit beyond December 31, 2008 by committing to fund 100% of a well in each of the three permits. The remaining parties were free-carried for a 15% stake each and had an option to fund 5% each on ground floor terms to reduce MEO's share to 60% and funding obligation to 90% of a well in each permit. These interests were originally operated by Cue Energy Resources Limited. The company agreed to meet the 2D and 3D seismic acquisition obligations and assumed the role of operator in the acreage.

In July 2008, MEO committed to fund Zeus-1 well in WA-361-P. The company sought a 12 month extension to drill/drop option for WA-359-P and WA-360-P, pending the results of Zeus-1 in February 2009. In March 2009, MEO executed a contract for the acquisition and processing of ~250 sq km of 3D seismic in WA-360-P, known as the Artemis 3D survey. In January 2010, its 60% interest in the WA-359-P permit was re-assigned in equal proportion to its original farmors, Cue Energy and Exoil. The technical studies conducted in WA-359-P did not warrant committing to 100% funding of the permit and hence the company allowed the WA-359-P drill/drop option to lapse.

Exhibit 12 : Carnarvon Basin Permits



Source:Company Reports

WA-360-P

MEO signed a binding farm-in agreement for WA-360-P with Petrobras International Braspetro, a subsidiary of Petrobras in April 2010. Petrobras farmed-in for a 50% interest in the permit by funding 100% of the first well to a cap of US$41 million. MEO received a US$31.5 million cash bonus and US$7.5 millon in seismic-related back costs from Petrobras in October 2010. It currently holds a 25% interest in WA-360-P. The company also remains the operator in WA-360-P. The other stakeholders are Cue Energy and Moby Oil & Gas with 15% and 10% interest, respectively.

Artemis-1

In October 2010, MEO received regulatory approval from the Western Australian Department of Mines & Petroleum for the drilling of the Artemis-1 well in WA-360-P. On November 14, 2010, the company got the Songa Venus semi-submersible drilling rig from Shell which reached the Artemis-1 location on November 23, 2010. The well was spudded on November 25, 2010, reaching a total depth of 3,500m MDRT (measured depth below rotary table). Artemis-1 did not encounter any hydrocarbons in the primary reservoir, after which the well was plugged and abandoned.The rig was released on December 26, 2010.

The permit for WA-360-P will expire on January 31, 2012. MEO is currently integrating the technical data acquired through the drilling of Artemis-1. The analysis of the data will impact MEO's assessment of the remaining prospectivity in the permit. After expiration of the current permit, the joint venture can either relinquish 100% of the permit or retain 50% with a further renewal of five years.

WA-361-P

MEO acquired a 60% interest in WA-361-P in October 2007. However, its stake was reduced to 25% after it formed a strategic alliance with Resource Development International Limited (RDI) in July 2008. Under the terms of the strategic alliance, RDI will earn a 35% stake in the permit by funding up to three wells, the first of which is Zeus-1. The other permit holders, Cue Energy and Gascorp Australia Pty Limited, were given an option to save their 20% stake in the permit by funding 5% of the well in 70 days. The option lapsed in September 2008 and their combined 10% was reassigned to MEO which increased its total interest in the permit to 35%. Clive Palmer's private company, Mineralogy Pty Ltd, purchased the 35% interest from RDI after the failure of its planned IPO in 2008. Moreover, MEO executed a binding sales and purchase agreement with Gascorp for an additional interest of 15%, taking its participating interest to 50%. It paid a consideration of US$1 million cash to Gascorp after receiving the regulatory approval. Mineralogy and Cue Energy hold the remaining 35% and 15% stake in the permit.

Zeus

MEO committed to the drilling rig for the Zeus-1 well after its strategic alliance with RDI. The company had worked for significant time on Zeus-1 to make it ready for drilling. Drilling commenced on January 17, 2009 immediately after it received the Songa Venus drilling rig from Songa Offshore on January 8th. The well, which reached a total depth of 3,642 meters on February 10th, did not encounter any commercial hydrocarbon. As a result, it was plugged and abandoned and the rig was released on February 18, 2009.

The permit for WA-361-P has been renewed for a period of five years starting January 31, 2011 by the Western Australian Department of Mines and Petroleum. The renewal is for eight graticular blocks on Rowley Shoals SE50. MEO is currently planning for permit year-2 seismic acquisition, which is due in 2012. The minimum work requirements for the renewed five-year period is as shown below:

Exhibit 13 : Minimum Work Requirements in WA-361-P

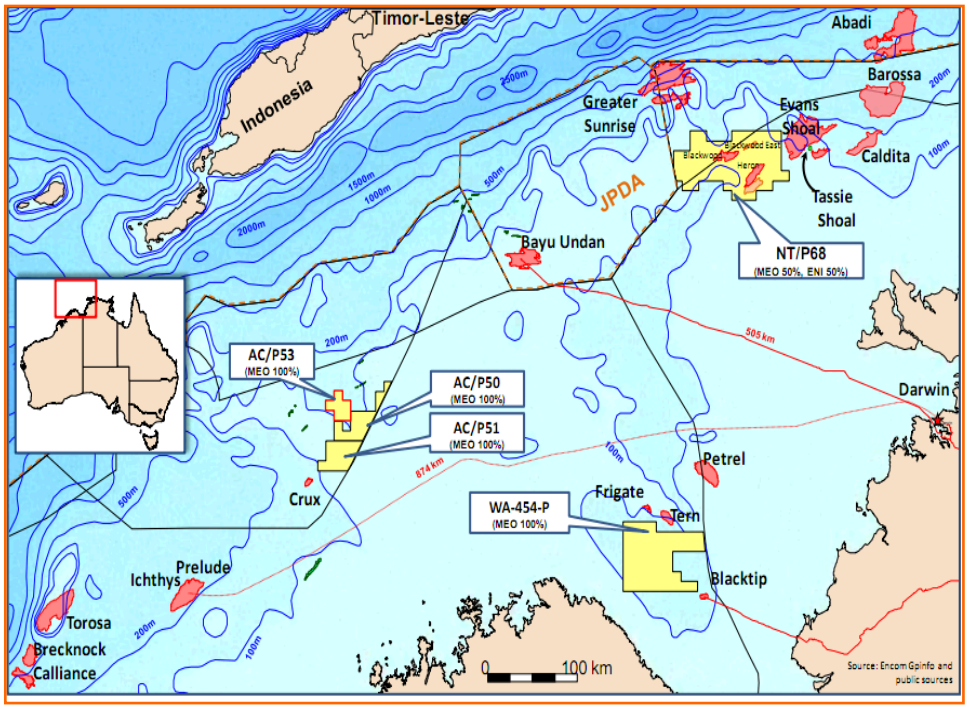
Permit Year	Year Starts	Year Ends	Minimum Work Requirements
1	Jan 31, 2011	Jan 30, 2012	Geotechnical studies
2	Jan 31, 2012	Jan 30, 2013	150 sq km new 3D seismic survey and geotechnical studies
3	Jan 31, 2013	Jan 30, 2014	3D seismic interpretation and geotechnical studies
4	Jan 31, 2014	Jan 30, 2015	One exploration well and geotechnical studies
5	Jan 31, 2015	Jan 30, 2016	Geotechnical studies

Source: Company Reports, RB Milestone

AC/P50 & AC/P51 Exploration Permits

MEO acquired a 100% interest in exploration permits AC/P50 and AC/P51 in November 2010 from Silver Wave Energy for US$270,000 cash. The permits are located in the Ashmore Cartier region of the Timor Sea. Silver Wave Energy has been granted an option to acquire a 10% working interest in each permit prior to end of permit year-3 in return for the payment of 20% of MEO's costs, including acquisition costs. RedRock Energy Pte Limited conducted all the technical work for Silver Wave Energy prior to the acquisition by MEO. In consideration of this work, the company granted RedRock an option to acquire a 5% interest in each permit.

Exhibit 14 : AC/P50, AC/P51 and AC/P53 Exploration Permits



Source: Company Reports

The permits, awarded in April 2009, are currently in the third year of their permit program and are spread over an area of 1,943.6 sq km. The region is prospective for oil & liquids rich gas. The region also hosts a number of gas discoveries like Crux and Ichthys/Prelude. MEO is focusing on understanding the source/reservoir/trap fundamentals of the region with the aim of identifying attractive hydrocarbon prospects. It will start identifying prospects for drilling after obtaining the seismic data. The company will look for farminee to fund the drilling if it is able to identify drillable prospects. The work program for exploration permits AC/P50 and AC/P51 are as shown below:

Exhibit 15 : Work Program for Exploration Permits AC/P50 and AC/P51

Permit Year	AC/P50 Program	AC/P51 Program
1	1,000 km 2D seismic processing and 250 sq km 3D seismic reprocessing	1,000 km 2D seismic processing and 250 sq km 3D seismic reprocessing
2	Geotechnical studies	Geotechnical studies
3	200 sq km 3D seismic	1,000 km 2D seismic
4	Geotechnical studies	Geotechnical studies
5	1 exploration well	1,000 km 2D seismic
6	Geotechnical studies	1 exploration well

Source: Company Reports, RB Milestone

AC/P53 Exploration Permit

In July 2011, MEO was awarded a 100% stake in a new exploration permit, AC/P53, in the Ashmore Cartier region of the Timor Sea. AC/P53 permit is spread over 504 sq km and lies next to MEO's AC/P50 and AC/P51 permits.

The work program for exploration permit AC/P53 permit is as shown below:

Exhibit 16 : Work Program for Exploration Permit AC/P53

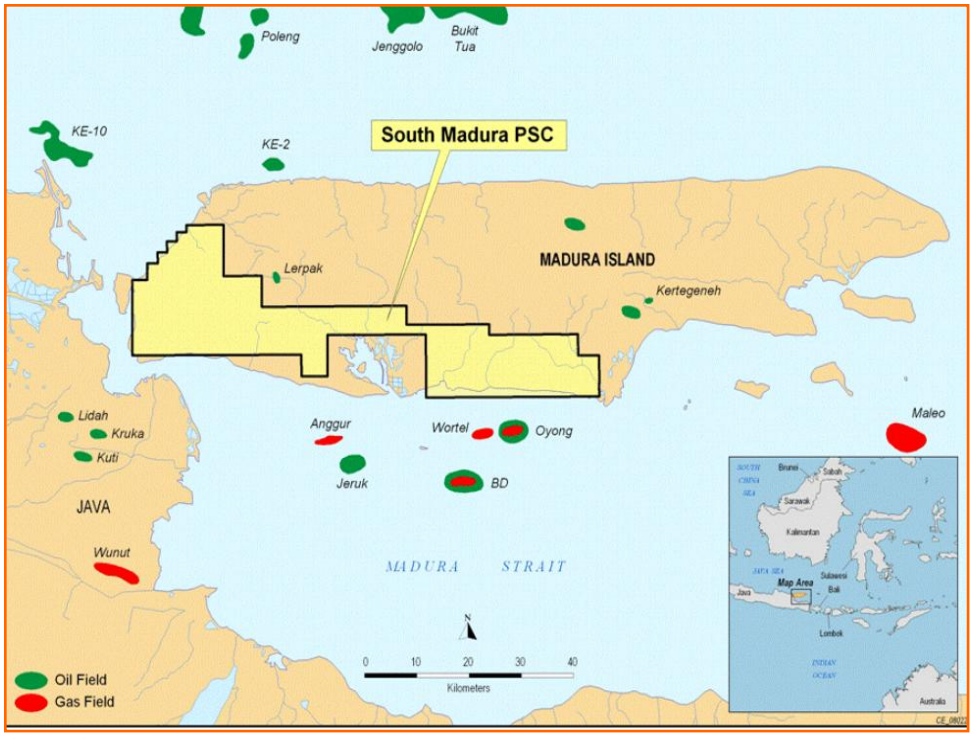
Permit Year	Year Starts	Year Ends	Work Program	Estimated Expenditure (A$ indicative)
1	July 7, 2011	July 6, 2012	825 sq km 3D seismic reprocessing	$300,000
2	July 7, 2012	July 6, 2013	150 km long offset 2D seismic survey	$300,000
3	July 7, 2013	July 6, 2014	Geotechnical studies	$250,000
4	July 7, 2014	July 6, 2015	Geotechnical studies	$250,000
5	July 7, 2015	July 6, 2016	1 exploration well	$25,000,000
6	July 7, 2016	July 6, 2017	Geotechnical studies	$250,000

Source: Company Reports, RB Milestone

South Madura PSC, Indonesia

In June 2011, MEO executed a binding sales and purchase agreement to acquire all the shares of South Madura Exploration Company, a subsidiary of Cooper Energy Limited. South Madura Exploration Company holds a 30% participating interest in the South Madura PSC located onshore of Madura Island, Indonesia. MEO paid a consideration of US$0.5 million cash for South Madura PSC which covers an area of 1,586 sq km. The other stakeholders in the PSC are AED South Madura B.V.(60%), a subsidiary of ASX listed AED Oil Limited, and PT Eksindo South Madura (10%). The production sharing contract (PSC) expires on October 13, 2013. MEO's acquisition in South East Asia reflects the company's strategy to expand its exploration portfolio through a low-cost entry approach, with a focus on proven hydrocarbon systems.

Exhibit 17 : South Madura PSC Location



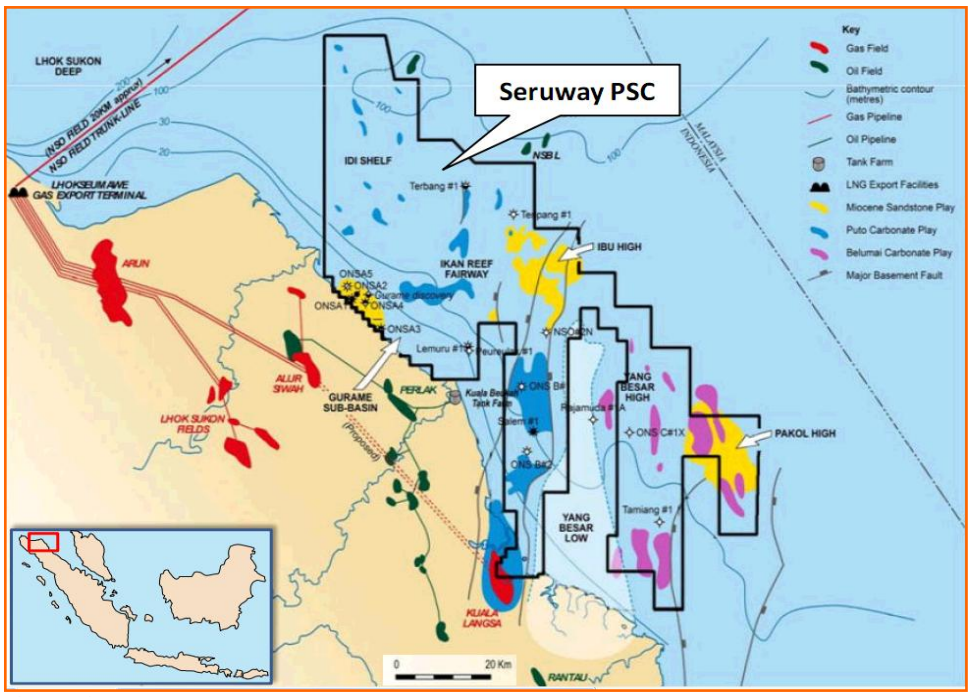
Source: Company Reports

Seruway PSC, Indonesia

In June 2011, MEO acquired a 100% stake in Seruway PSC, located offshore of North Sumatra, Indonesia. MEO bought all the shares of Transworld Seruway Exploration Limited (TSEL), which is holder of 100% participating interest in Seruway PSC, from Transworld Exploration Limited (TEL) for a cash consideration of US$5.0 million. Under the terms of the acquisition, MEO will make subsequent payments via production for past cost recovery and net profit interest payments (NPI) to TEL in the event of successful commercial development from Seruway PSC.

The Seruway PSC has a total area of 3,635 sq km and contains two gas discoveries, Gurame and Kuala Langsa, as well as a number of other attractive exploration opportunities. Under the terms of the acquisition, MEO will carry out a 700 sq km of 3D seismic survey and drill one exploration well in the acreage before 2012. The Seruway PSC expires on December 11, 2014. The nearby infrastructure to the Seruway PSC consists of Arun gas field, LNG facilities and fertilizer plants.

Exhibit 18 : Seruway PSC Location



Source: Company Reports

Industry Overview

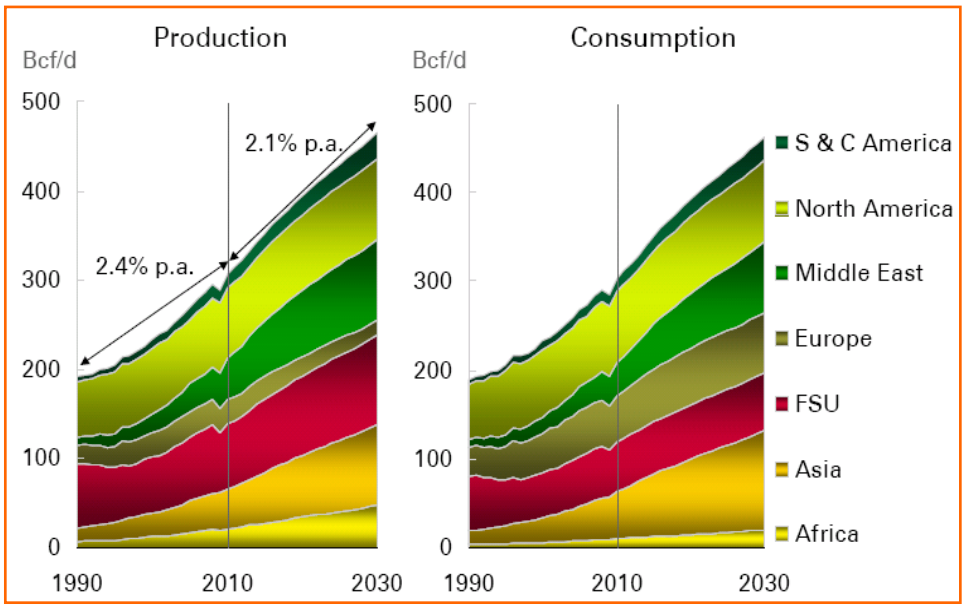
Introduction

Oil and gas are the most important primary energy sources in the present era of industrialization. Post the global economic crisis (GEC), world energy demand increased 2% in 2010. The oil & gas industry accounted for 58% of the total global energy demand in 2010.

Natural Gas

- **Natural Gas Demand**: The global natural gas consumption grew 7.4% in 2010, the fastest since 1984. The consumption growth was above 2000-2009 average in every region except the Middle East. According to British Petroleum (BP), natural gas is expected to be the fastest growing fossil fuel globally until 2030. BP also stated that Asia will account for the world's largest production and consumption increments with China driving 56% of all of Asia's consumption growth

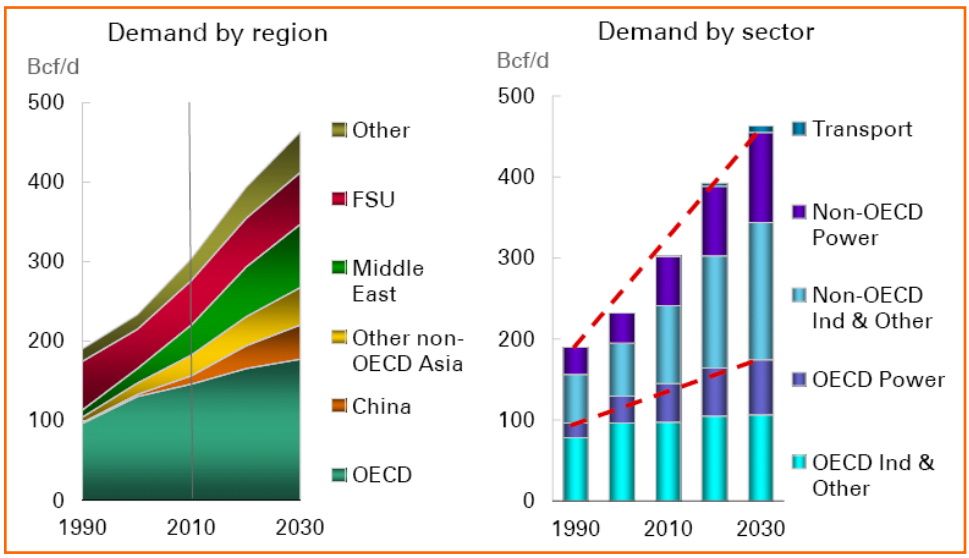
Exhibit 19 : Global Natural Gas Production and Consumption with Estimates (By Region)



Source: British Petroleum

According to BP, non-OECD countries will account for 80% of the global rise in natural gas consumption, recording a CAGR of 3% during 2010 to 2030. The fastest growth in demand is visible in non-OECD Asia (4.6% per annum) and the Middle East (3.9% per annum). The natural gas consumption is expected to grow rapidly in China at an average annual growth rate of 7.6% during 2010 to 2030. The natural gas consumption growth is projected to be fastest among power (2.6% per annum) and industry (2% per annum) sectors, which is consistent with the historic pattern.

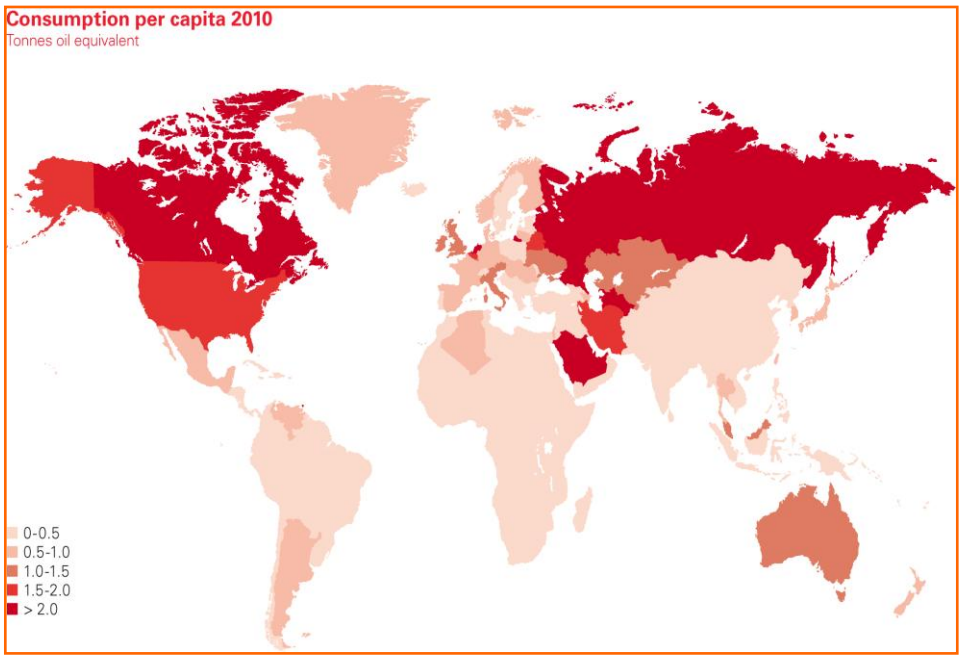
Exhibit 20 : Natural Gas Demand by Region and Sector (1990-2030)



Source: British Petroleum

In 2010, natural gas consumption in the US recorded a growth of 5.1% to 66.1 billion cubic feet per day (Bcf/d). According to EIA, natural gas consumption is expected to edge up by 2.0% y-o-y to 67.4 Bcf/d in 2011 due to a 3.3% growth in industrial consumption to 18.7 Bcf/d. In 2012, EIA expects natural gas consumption to drop by 0.2% to 67.3 Bcf/d. The drop will be primarily driven by the projected fall in residential and commercial consumption due to an expected decline in heating-degree days in the Midwest and West.

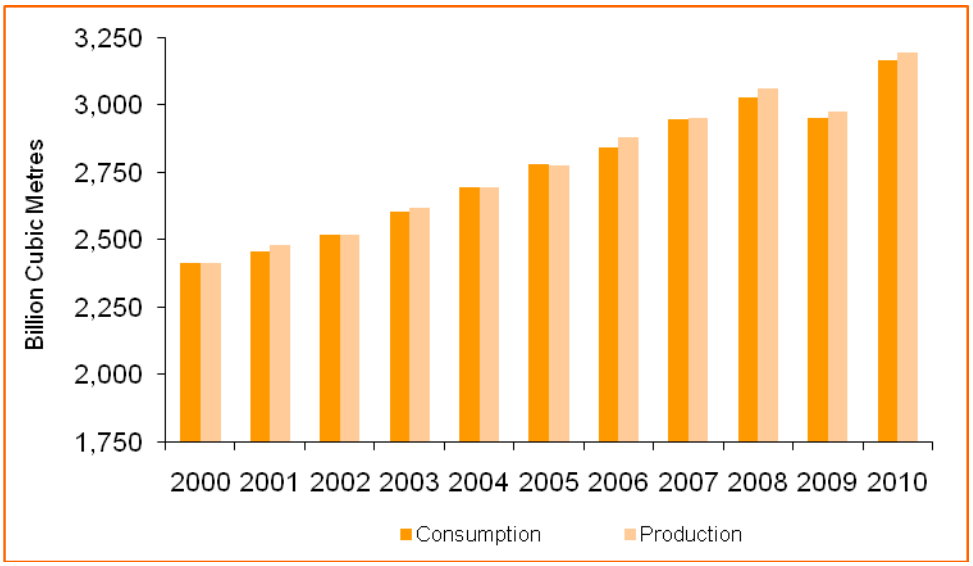
Exhibit 21 : Gas Consumption Per Capita (2010)



Source: British Petroleum

- **Natural Gas Supply: The** global natural gas production recorded a growth of 7.3%, in 2010 which exceeded the ten-year (2000 to 2009) average growth in all the regions of the globe. Russia recorded the largest natural gas production growth of 11.6% in 2010. The world had proven gas reserves of 6,621 trillion cubic feet in 2009, which is sufficient for 63 years of production at current levels

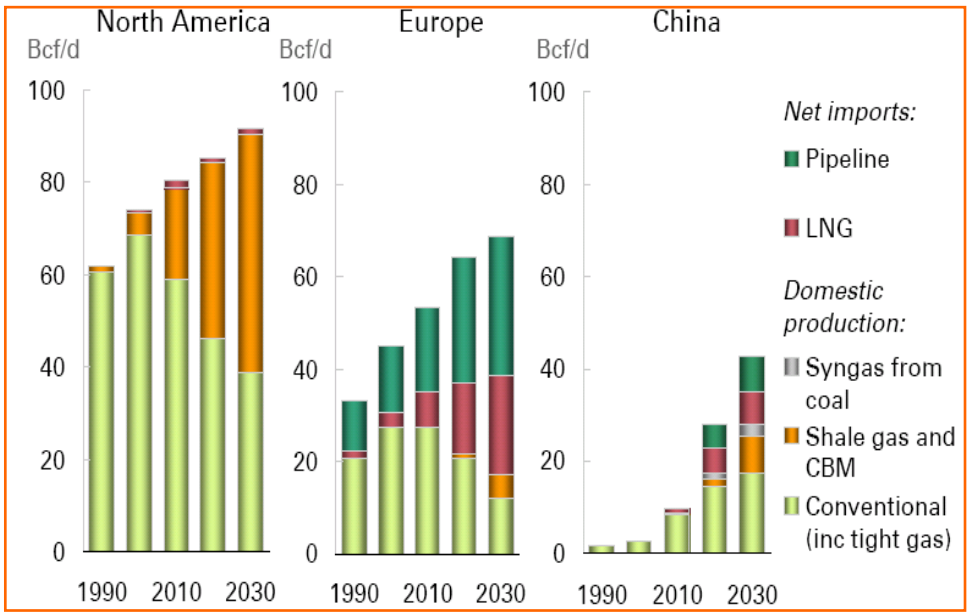
Exhibit 22 : Global Natural Gas Production and Consumption



Source: EIA, RB Milestone

Unconventional gas sources are playing a significant role across the world. According to BP, unconventional gas sources could add another 30 years of gas supply. The North American gas market could benefit from unconventional gas sources as shale gas and coal bed methane (CBM) are forecasted to account for 57% of North American production by 2030. Chinese gas production is expected to grow 6% per annum during 2010 to 2030. CBM and shale gas are estimated to contribute about 41% to this growth.

Exhibit 23 : Sources of Natural Gas Supply by Region (1990-2030)



Source: British Petroleum

- US natural gas production grew 4.5% to 61.8 Bcf/d in 2010. According to EIA, total natural gas marketed production is expected to grow by 5.8% to 65.4 Bcf/d in 2011 and by 0.9% to 66.0 Bcf/d in 2012. The decline in the growth rate would be caused by "freeze-offs" during cold weather which forces some producers to halt part of their production

- **Natural Gas Inventory**: US natural gas inventory levels stood at 2,527 Bcf as of July 1, 2011, which is 214 Bcf lower than last year's level in late June. EIA expects that inventory levels, though currently lower than last year, will come close to last year's levels towards the end of the 2011 injection season. The natural gas inventories are

expected to surpass 3.8Tcf at the end of October 2011 because of current high production rates and a milder summer relative to last year.

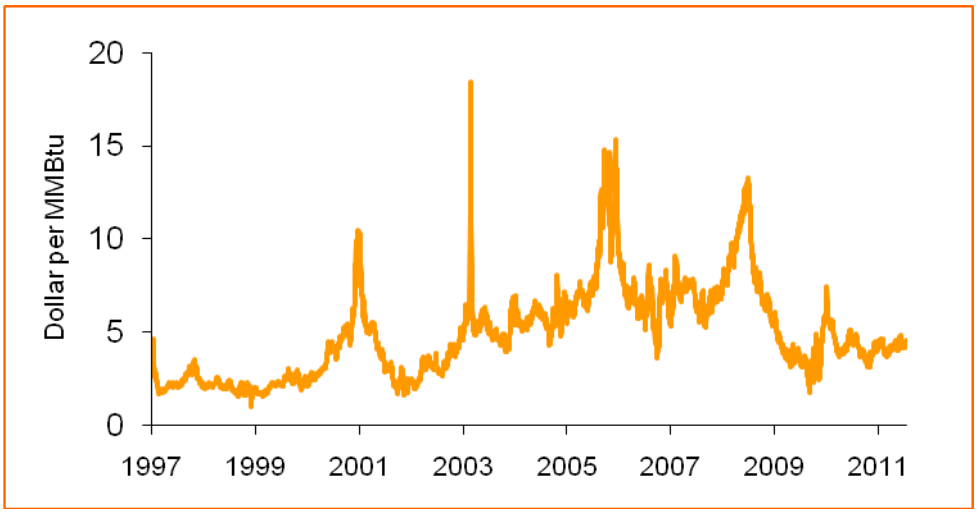
Demand and Supply factors for Natural Gas

- **Growth in Industrial Output**. Industrial demand constitutes ~37.6% of natural gas demand, which is the highest of any sector. EIA expects US industrial energy demand to rise at an average annual rate of 1.2% until 2025
- **Role of Fuel Switching**. Large-volume gas consumers, primarily industrial consumers and electricity generators, can switch between natural gas and oil depending on the prices of each. This fuel switching leads to an increase/decrease in the demand for natural gas, thus leading to fluctuations in its price
- **Inventory Levels**. Natural gas inventory levels can have a significant impact on its price. Inventory levels have an inverse relationship with natural gas price. When the inventory levels are low, a signal is being sent to the market indicating a smaller supply cushion, leading to higher prices. On the other hand, when inventory levels are high, this sends a signal that there is greater supply flexibility, leading to lower prices. EIA expects the inventory deficit to narrow in the second half of 2011 due to the current higher production rates and milder summer as compared to last year
- **Impact of Weather Changes**. Weather conditions can have a major impact on natural gas demand and supply. Demand from residential and commercial users, which consume natural gas for heating, surge during winters. Extreme weather conditions such as freeze-offs during very cold weather could also force some natural gas producers to temporarily shut down some production. The demand from residential and commercial users is expected to decline in 2012 due to a projected decline in heating degree-days in the Midwest and West
- **Pipeline Infrastructure**. The availability of natural gas supplies at the market place are impacted by the ability to transport natural gas from producing regions to consumption regions. The interstate and intrastate pipeline infrastructure can only transport a specific amount of natural gas at any given time and, in essence, provides the upper limit for the amount of natural gas that can reach the market. Currently, the pipeline infrastructure has a daily delivery capacity of 148 Bcf, as per the EIA

Natural Gas Price Outlook

The Henry Hub spot price averaged US$4.54 per MMBtu in June 2011. EIA expects the Henry Hub price to average US$4.26 per MMBtu in the second half of 2011, as it believes that uncertainty over future prices is lesser in 2011 as compared to last year. However, EIA forecasts the Henry Hub price to average at US$4.54 per MMBtu in 2012 due to the expected decline in production from current levels which would lead to the tightening of the domestic market next year. EIA also states that the earthquake in Japan, the largest importer of LNG in the world, and ensuing disruptions in the country's generation of nuclear power is expected to boost Japan's demand for LNG as a replacement for generating electricity which may contribute towards higher global LNG prices.

Exhibit 24 : Henry Hub Natural Gas Spot Price



Source: EIA, RB Milestone

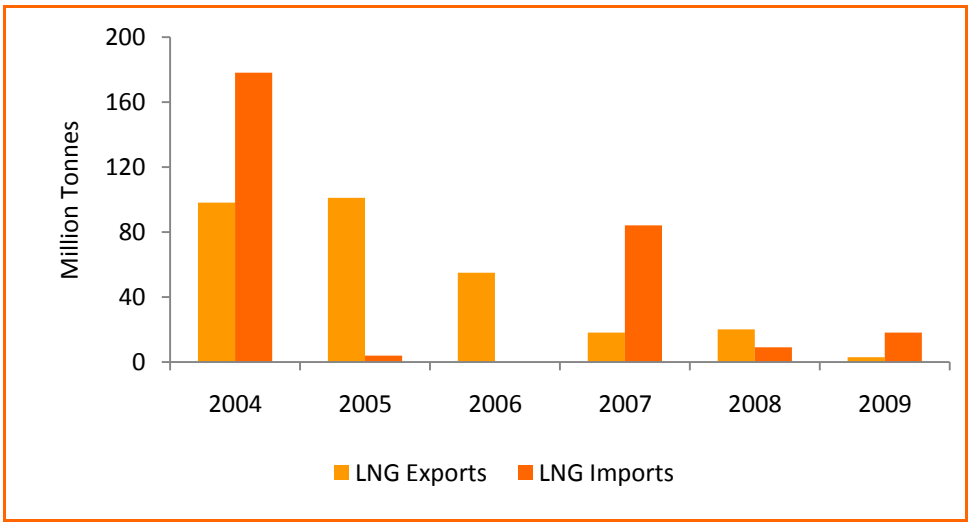
LNG (Liquefied Natural Gas)

LNG (Liquefied Natural Gas) is obtained by cooling natural gas at approximately −162 °C (−260 °F). The process of liquefaction of natural gas involves removal of such components as water, hydrogen sulphide, carbon dioxide, helium and heavy hydrocarbons. LNG is a natural gas, predominantly methane, which is converted to a liquid state for ease of transportation as it occupies about one six hundredth the volume of gaseous natural gas. The low cost transportation feature of LNG helps eliminate the construction cost of pipelines for stranded natural gas deposits.

LNG Imports and Exports

Natural gas trade grew by 10.1% in 2010, bolstered by strong growth of 22.6% in LNG shipments. LNG exports are dominated by the Middle East, with Qatar (world's largest LNG supplier) registering an export growth of 53.2% in 2010. Currently, LNG accounts for 30.5% of the global gas trade.

Exhibit 25 : Global LNG Exports and Imports (2010)



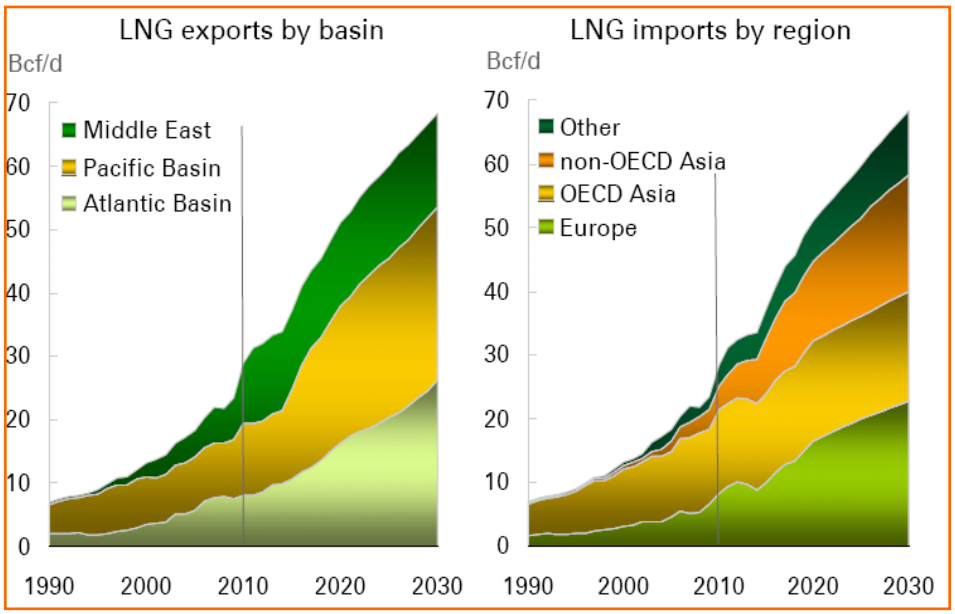
Source: BP, RB Milestone

World primary energy consumption grew by 45% over the past 20 years and according to BP, it is likely to grow by 39% over the next 20 years or ~1.7% annually. According to BP, the annual growth in LNG supply will amount to 4.4% by 2030 and its share in world gas supplies will increase from 9% in 2010 to 15% in 2030. The LNG supply expansion will take place in three phases. In the first phase (2009-2011), the Middle-East region will

dominate the expansion, adding 10 Bcf/d (44%) of LNG. The second phase (2015-2017) will see a growth of 10 Bcf/d, of which half of the growth will be due to the start of major LNG projects in Australia. The third phase (2030) will be driven by demand with Africa contributing 41% of supply.

According to BP, the LNG demand will be largely driven by Europe (5.2% per annum growth) and non-OECD Asia (8.2% per annum growth). The share of LNG imports in Europe will expand from present 30% to 42% in 2030. In non-OECD Asia, China and India will contribute to 74% demand growth.

Exhibit 26 : LNG Exports by Basin and LNG Imports by Region



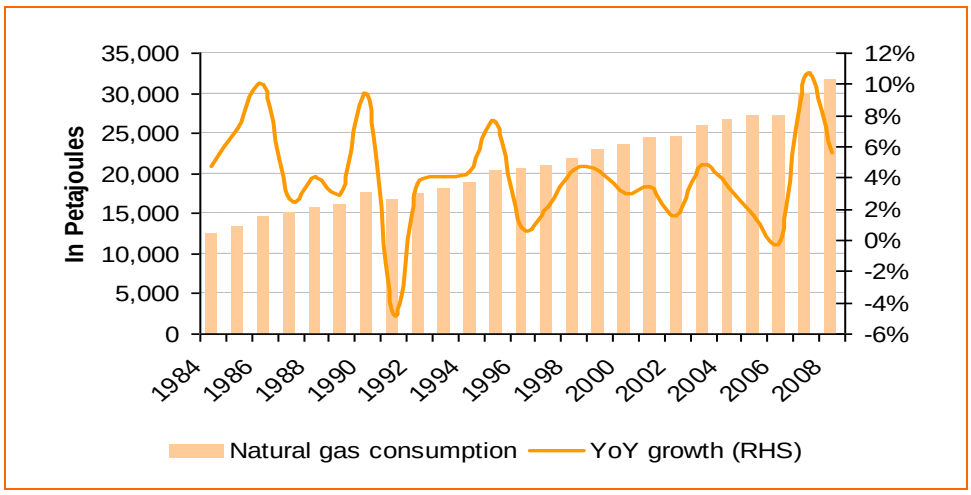
Source: British Petroleum

LNG in Australia

The contribution of natural gas to total energy is expected to rise as Australia exploits its abundant natural gas resources for domestic use as well as supplies LNG to export markets. LNG is also among the top ten highest value commodity exports for Australia. According to the Australian Bureau of Agricultural and Resource Economics (ABARE), total gross output of natural gas in Australia in 2007-08 was 2,040 petajoules, including LNG. On a regional basis, the largest conventional gas resources are located mostly off the North-West coast of Western Australia, with natural gas production in the Western gas market totaling 1,091 petajoules or 53% of the total national production in 2007-08. Gross natural gas production, including LNG, in the Western market is projected to grow strongly at an average rate of 7.1%, to reach 4,968 petajoules in 2029-30. LNG exports from the Western market have the potential to reach 73 million tonnes or 3,986 petajoules at an average annual growth rate of 9% over the projected period.

Natural gas has become an important source of export revenue for Australia and also as a domestic energy source. Approximately 50% of Australia's gas production is exported. The value of Australian LNG exports reached $10.1 billion in 2008-09, recording a growth of 72% over 2007-08. Natural gas consumption in Australia has increased at an average annual rate of 4% per annum since 1997-98 as compared to 1% growth for coal and petroleum products.

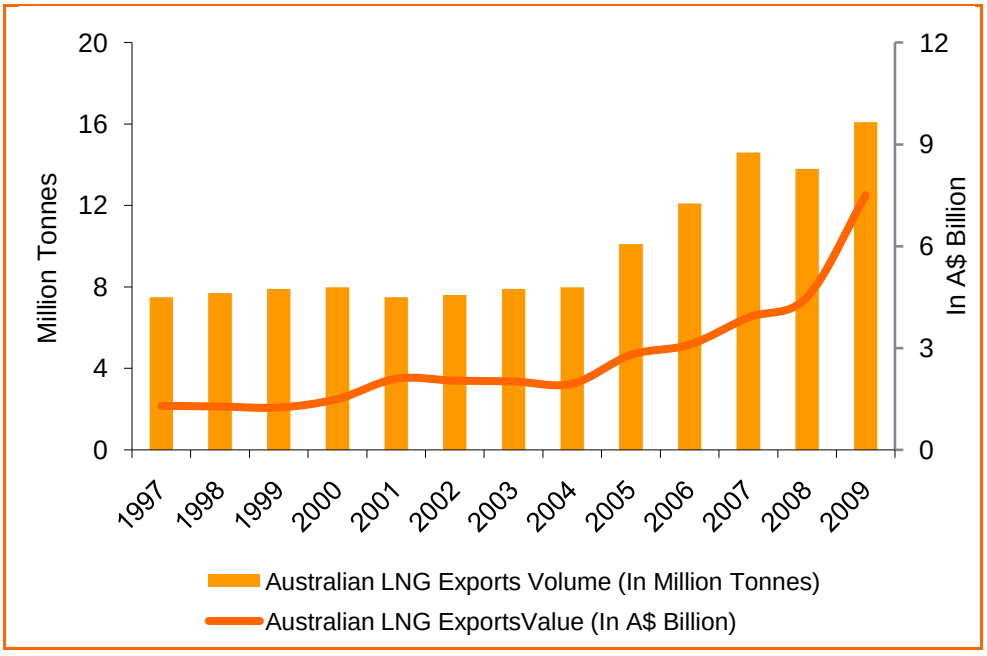
Exhibit 27 : Natural Gas Consumption and Growth (Australia)



Source: ABARE, RB Milestone

The distance between Australia and its significant natural gas export markets prevent the transportation of natural gas through pipelines. Hence, natural gas is converted to LNG in order to reduce the volume, thus enabling storage and transport. Australia's major trading partners include Japan, China and the Republic of Korea. Other emerging export opportunities include India, Thailand, Singapore and Chinese Taipei.

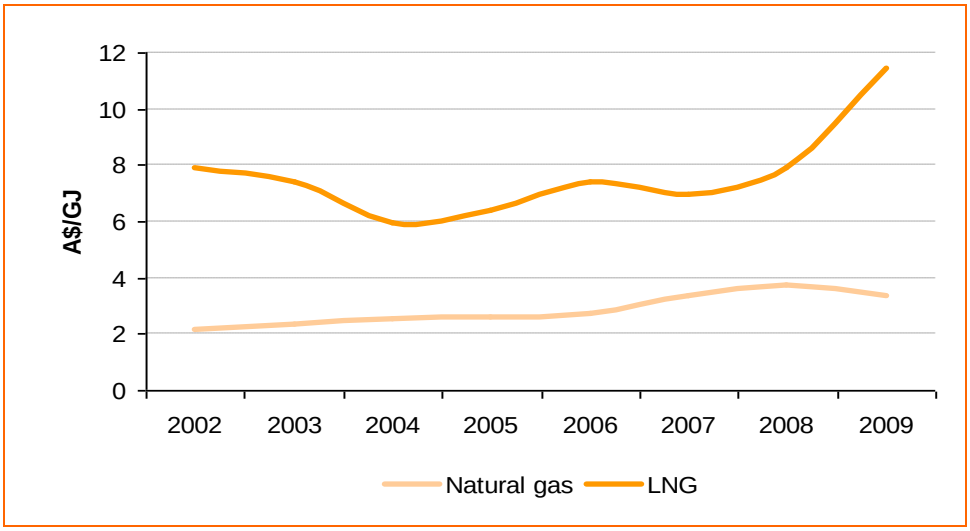
Exhibit 28 : Australian LNG Exports



Source: RB Milestone, ABARE

Gas prices on the East coast, Australia's largest gas market, have increased significantly over the past eight years fuelled by increasing demand from households and power generators. During this period, wholesale gas prices on the Victorian spot market have risen at a real annual average rate of 6%. The rise in domestic gas prices has been particularly considerable since 2006 as water scarcity reduced the amount of electricity generated from coal fired power plants, increasing demand for gas used in the generation of electricity.

Exhibit 29 : Gas Prices in Australia



Source: ABARE, RB Milestone

Methanol

Methanol is a colorless liquid that is light, flammable and volatile. Methanol is a highly versatile chemical used as an intermediate in the manufacturing of various products such as adhesive resins for plywood and similar construction materials; polyester fibers and packaging; plastics; paints; coatings; and fuels and fuel additives. Methanol is also used on a limited basis to fuel internal combustion engines and as the primary fuel ingredient in the glow-plug engines. A glow-plug is a heating device used in starting diesel engines.

Production of Methanol

The production of Methanol primarily takes place in parts of the world where a large supply of natural gas is available economically. Natural gas is converted into methanol by the "Steam Methane Reforming" (SMR) process. The steps involved in the production of methanol from natural gas are shown below:

1. **Feed Gas Preparation:** Unwanted compounds are removed from the natural gas stream, which includes free water and sulphur
2. **Reforming:** In this stage, natural gas is reformed through a steam reformer. Methane contained in the natural gas stream is saturated with pure water at a temperature of approximately 600°C. Nickel is then used as a catalyst to form synthesis gas (syngas). Syngas is a mixture of ~75% hydrogen, 10% carbon dioxide, 10% carbon monoxide and traces of methane
3. **Heat Recovery:** During SMR, the heat produced from combustion and reformed gas is recovered by using heat exchangers to reduce the overall fuel requirements. The recovered heat is then transferred to other parts of the process which require heat, thereby increasing the efficiency of SMR
4. **Methanol Synthesis:** In this stage, syngas is converted into methanol. The reformed gas that passed through a cooling process must now have its pressure boosted in order for the methanol synthesis reaction to occur. Methanol Synthesis also requires the use of a catalyst and the reaction takes place at a feed temperature that allows the best conditions for optimum production. Multiple methanol converters are used to achieve an acceptable conversion of carbon oxides to methanol. Unlike the reforming stage, methanol synthesis is an exothermic reaction

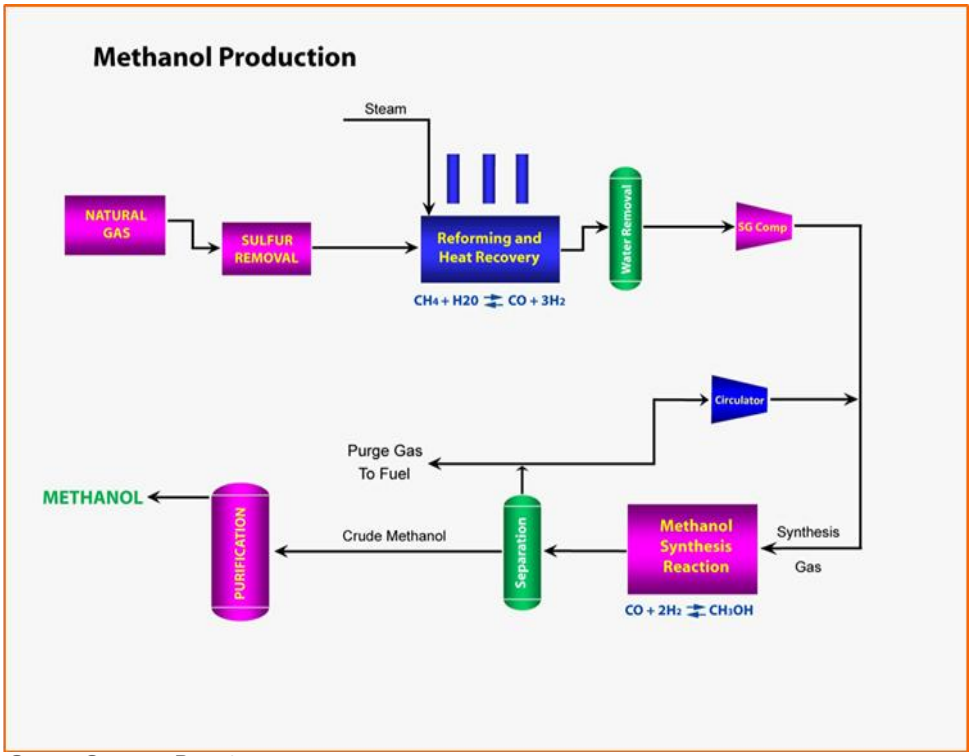
   The methanol in vapor form that is produced at this stage is too hot to become a liquid and is then cooled by air fans and water cooled condensers so that it

changes to liquid Crude Methanol. In liquid form it can then be separated from other gases that are circulating around, through the use of a Methanol Converter. This is done in special separation vessels. Constant circulation of the unreacted synthesis gases is maintained by a separate steam turbine driven compressor, simply called the 'Circulator'. Circulation of unreacted synthesis gases is essential to ensure these reactants get as many opportunities as necessary to convert to methanol as quickly as possible

5. **Refining:** In this stage, the impurities are removed from methanol. Crude Methanol contains approximately 18% of water at this stage (along with other impurities). Purification of crude methanol to the required product quality is achieved in two separate distillation columns. The topping column is designed to remove low boiling impurities, also called light ends. These 'light ends' are simply materials that will boil at a lower temperature than the boiling point of Methanol. Therefore, by careful control these unwanted impurities are stripped out of the top of the column, leaving methanol and water inside the column as a liquid

   The crude is transferred to the Refining Column where the liquid is again constantly boiled until the water (which boils at a higher temperature) is separated from product methanol. Good quality methanol vapor separates and rises to the top of this column. From here it is changed back to liquid, (condensed). Part of this condensed liquid methanol (called distillate) is taken to the product methanol storage tanks. As is necessary with all distillation systems, a lot of this good quality distillate must be returned back to the top of the column in a process called refluxing. The water that has now been separated from the methanol product accumulates in the bottom of this refining column. This is constantly transferred out to a waste water treatment facility and then transferred for disposal.

Exhibit 30 : Methanol Production Process



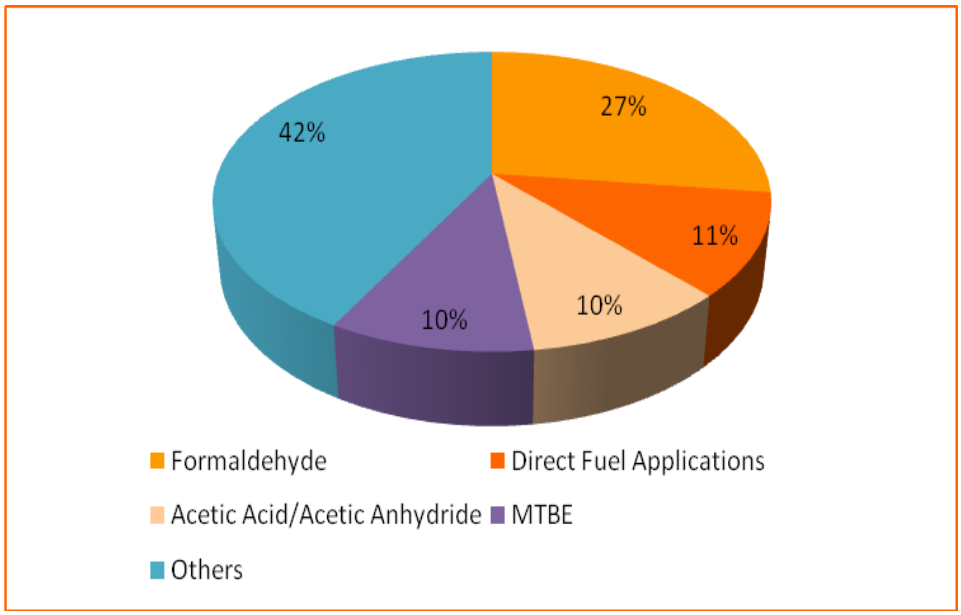
Source: Company Reports

Methanol Demand and Supply

The global production and consumption of methanol in 2010 was 49 million tonnes and consumption was 48 million tonnes, respectively. The consumption of methanol increased by ~12% in 2010. The global capacity utilization factor dropped from 66% in 2009 to 62% in 2010. According to the Methanol Institute, the global demand for methanol is projected to have CAGR of ~9.8% per annum from 2010 to 2015 and ~5.8% per annum from 2015 to 2020. The steadily increasing demand is led by the increasing use of methanol both as a liquid fuel for passenger cars and for conversion to dimethyl ether, which is a clean alternative to diesel fuel for trucks and buses. The Methanol Institute also states that average global utilization rates are projected to be in the fifties in 2010 to 2013 and will reach the high seventies by 2020 due to considerable capacity additions.

Formaldehyde is the single largest consumer of methanol in the world, accounting for around 27% of global demand in 2010. Demand is driven by the construction industry since formaldehyde is used primarily to produce adhesives for the manufacturing of various construction board products. The consumption of methanol into direct fuel applications surpassed methyl tertiary-butyl ether (MTBE) as the second largest market for methanol with ~11% of global methanol demand.

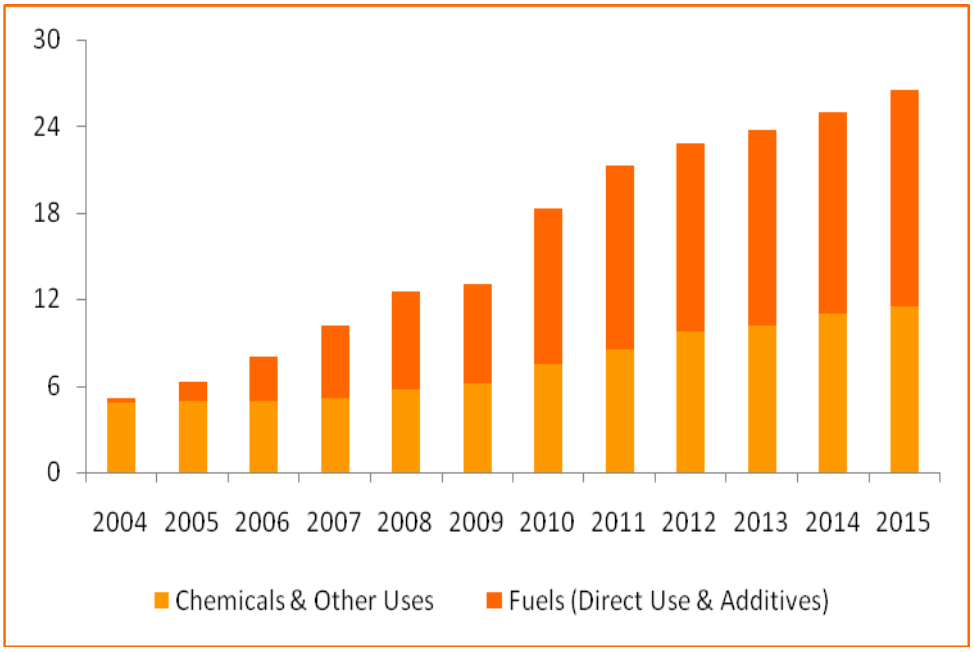
Exhibit 31 : Global Consumption of Methanol by End Use (2010)



Source: SRI Consulting, RB Milestone

China is the largest methanol consuming country and the country's total demand was around 3 million tonnes/year and capacity was around 4 million tonnes/year, while the country's share in world consumption is expected to reach about 54% in 2015 from almost 41% in 2010. As a reflection of its growth potential despite its projected growth in methanol capacity, China will not only remain a net importer, but its net imports will increase considerably from 2010 to 2015. The Middle East is also a key driver of the industry as it supplies Europe and Asia. Total capacity in the region is around 17 million tonnes/year but demand in the region is only about 3.4 million tonnes. This leaves more than 13m tonnes available for export if all plants run at full capacity.

Exhibit 32 : Methanol Demand –Only China



Source: Company Reports, RB Milestone

Growth Drivers

Encouraging Prospects of Gas in NT/P68

MEO acquired the petroleum exploration permit NT/P68, 25km west of the Tassie Shoal in the Timor Sea. The permit contains two gas discoveries, Blackwood and Heron, with a potential suitable for the production of methanol and LNG, respectively. Commercial potential of these two discoveries would be ascertained by an additional appraisal drilling.

The Heron-2 gas well drilled in the permit in early 2008 encountered more than 200 meters of gross gas column in the Plover sands of the Heron north structure. The gas column showed a liquid-rich signature on mud logs. Though the well had to be abandoned due to a collapsed borehole and cyclone interruptions, MEO is hopeful of securing gas for its LNG projects as current technical studies suggest the presence of multi-trillion cubic feet of wet gas, which may be suitable for LNG feed.

Exhibit 33 : Heron North (Discovered Resource)

Raw Gas Ultimate Recovery (Tcf)	1C	2C	3C
GCA Contingent Resource Assessment	0.19	0.39	0.80
MEO Contingent Resource Assessment	0.21	0.29	0.39

Source: Company Reports, RB Milestone

Exhibit 34 : Greater Heron Structure (Prospective Resource)

Raw Gas Ultimate Recovery (Tcf)	Low	Best Estimate	High
MEO Prospective Resource Assessment	3.66	4.96	6.64

Source: Company Reports, RB Milestone

MEO has a farm-in agreement in place for these prospects. Under this agreement, Eni will earn a 50% stake in Heron gas discovery by funding the drilling of two wells. Eni has already started the preparations for the drilling of the Heron-3 well including securing a suitable rig for the drilling. Eni has a further option to earn a 50% stake in the Blackwood gas discovery by conducting at least 500 sq km of 3D seismic survey and drilling a well in the Blackwood area. It can acquire an additional 25% interest in both the discoveries by fully funding MEO's share of the work program to reach FID in Heron and/or Blackwood. Eni will also make a one-off bonus payment of US$75 million to MEO upon achievement of Final Investment Decision (FID) for either Heron or Blackwood. Eni has also undertaken to drill two wells on Heron at a cost of US$60-US$80 million each.

We believe that Heron-3 has the potential to produce significant gas in the near future. Moreover, MEO's best estimate of 4.96Tcf from Greater Heron structure boosts our confidence in NT/P68's overall potential. We also believe that there is possibility of conversion of some of the prospective resources to contingent resources post the drilling of Heron-3 well.

Robust Prospective Operating Model for Tassie Shoal Projects

MEO has an excellent and robust prospective operating model in place for commercializing methanol and LNG extracted from its Tassie Shoal projects, TSMP and TSLNGP, respectively. For these projects, the company is looking to secure feed gas which can either be obtained from the NT/P68 permit (25km west of Tassie Shoal) or through a third-party located nearby Tassie Shoal. Given Tassie Shoal's proximity to carbon dioxide rich gas fields, MEO can do away with the need to lay gas pipeline to the shore, leading to significant cost savings for the company.

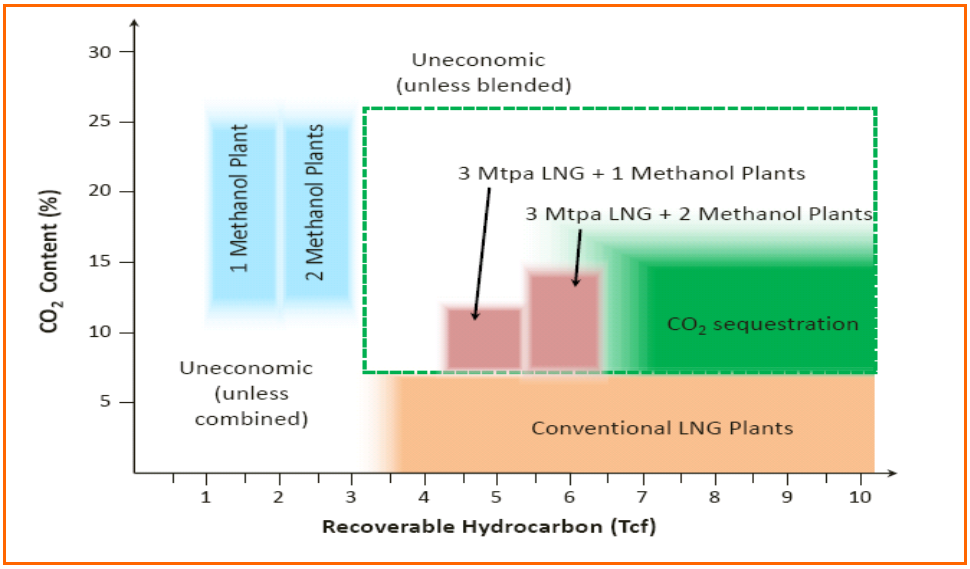
In our view, the company's methanol and LNG operations could complement each other in their use of carbon dioxide. A methanol plant requires raw gas stream with 22-26% carbon dioxide whereas LNG plant gas stream requires 0% of carbon dioxide. With a gas feed having carbon dioxide content in the range of 10-15%, the company could feed both its

Tassie Shoal projects, TSMP and TSLNGP. Carbon dioxide stripped from the gas stream supplying the LNG plant can be combined with the raw gas stream going to the methanol plant, raising the combined carbon dioxide content to the optimal level of 25%. MEO will try to secure carbon dioxide rich gas from a third party if NT/P68 fails to yield any gas. The use of raw gas with optimal level of carbon dioxide can increase the production of methanol by 30%. The adjacent locations of TSMP and TSLNGP will also enable considerable savings in operating costs. Moreover, logistics support and freshwater can be shared between both the plants.

The Tassie Shoal projects provide optionality and flexibility by using carbon dioxide sequestration. Carbon dioxide sequestration refers to the capture and storage of carbon dioxide from hydrocarbons.

- Recoverable hydrocarbons (less than 3Tcf) with carbon dioxide content of 15-25% can be used for the production of methanol, which requires raw gas with carbon dioxide content in the range of 22-25%
- Recoverable hydrocarbons (greater than 3Tcf) with carbon dioxide content of less than 10% can be used for conventional LNG plants
- The ideal scenario will be to have recoverable hydrocarbons (more than 3Tcf) with 10-25% carbon dioxide content. A methanol plant requires raw gas stream with 22-26% of carbon dioxide whereas LNG plant gas stream requires 0% of carbon dioxide. With a gas feed having carbon dioxide content in the range of 10-15%, the company could feed both its Tassie Shoal projects, TSMP and TSLNGP. Carbon dioxide stripped from the gas stream supplying the LNG plant can be combined with the raw gas stream going to the methanol plant, raising the combined carbon dioxide content to the optimal level of 25%
- The combination of LNG and methanol plant provides attractive sequestration of carbon dioxide from a lower (say 10-15%) carbon dioxide content
- TSMP & TSLNGP are designed to be stand-alone economically feasible projects. The quality of gas supply would dictate whether they would be developed together or separately

Exhibit 35 : TSMP and TSLNGP Provide Optionality and Flexibility



Source: Company Reports

The company will save on another major cost as pre-fabrication and pre-commissioning of the Tassie Shoal plants and the storage tank will be undertaken entirely in the low-cost South East Asian construction environment. The modules will then be transported to the

site in the Tassie Shoal. The use of indirect seawater cooling compared with air cooling will help MEO further reduce its cost.

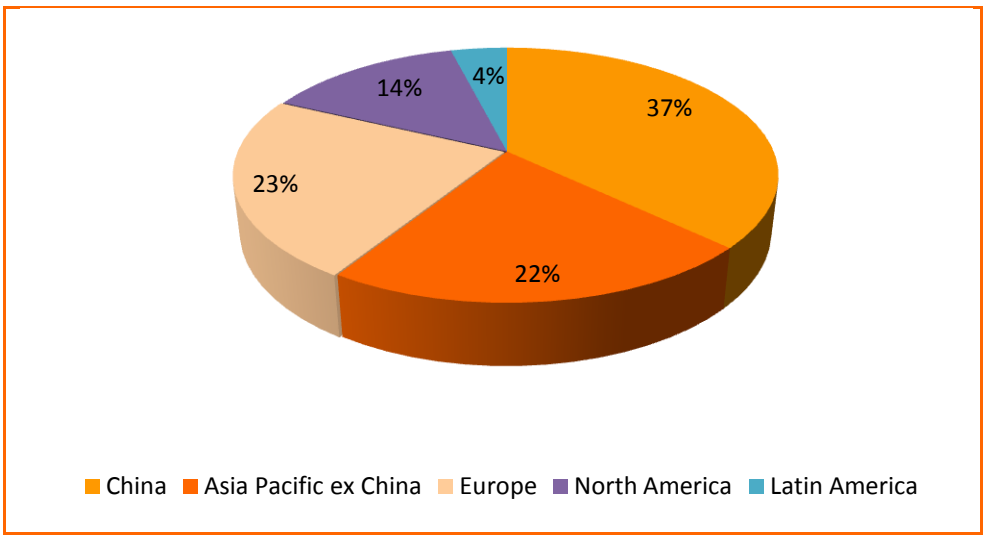
MEO is targeting methanol exports to rapidly-growing Asian markets such as India and China. The main competitors of the company are in Chile and the Middle East. We believe MEO has significant competitive advantage over its competitors as it is located closer to the target markets, thereby reducing both shipping time and transport cost. We also believe that cost savings from pipeline construction, carbon sequestration, indirect seawater cooling and Tassie Shoal plant construction will significantly benefit the company.

Robust Demand for Methanol

The global methanol market is ~ 48 million tonnes per annum as of 2010. According to the Methanol Institute's projections, the global demand for methanol will grow by 9.8% per annum during 2010-15 and by 5.8% per annum during 2015-20. The primary use of methanol is as a chemical intermediate or feedstock in the chemicals industry, but it is increasingly being used as a fuel the world over, especially in China. This expanded use of methanol as both a liquid fuel for passenger cars; in the conversion to dimethyl ether that is a clean alternative to diesel fuel for trucks and buses; in gasoline blending; and in the production of olefins, direct combustion applications and Direct Methanol Fuel Cells (DMFC),is the major driver of the global demand. High crude oil and gasoline prices have also compelled consumers to switch to the less costly methanol.

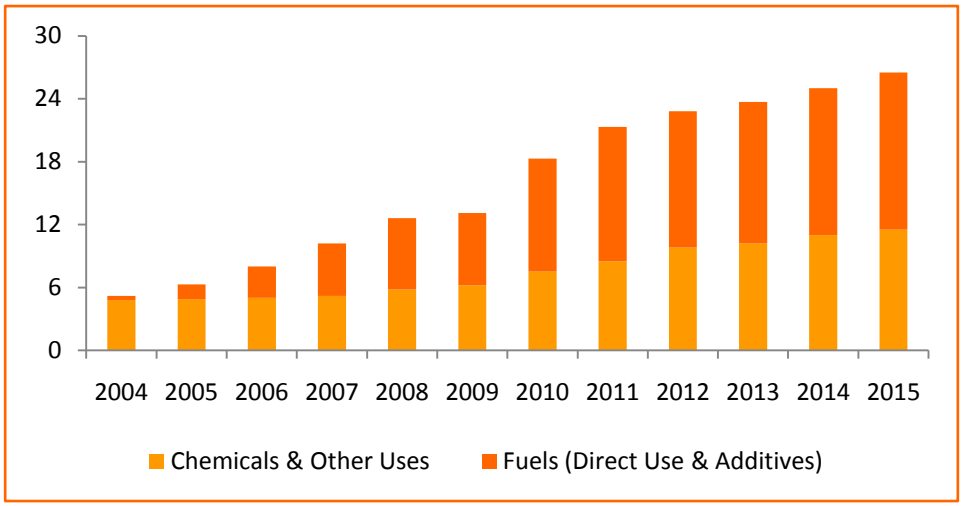
In 2010, the Asia Pacific region accounted for 59% of the global methanol demand, with China contributing the lion's share of 37%. The total demand in China in 2000 was ~3 million tonnes/year whereas the total supply was ~4 million tonnes/year. The demand and supply of methanol in the country has risen five times over the ten years. China has been the largest methanol consuming country and is likely to see its share in the world consumption growing to ~ 54% in 2015 from ~ 37% in 2010.

Exhibit 36 : Methanol Demand (Region wise) - 2010



Source: RB Milestone, Methanex

Exhibit 37 : Methanol Demand –Only China



Source: Company Reports, RB Milestone

We believe that strong global demand for methanol led by China would provide a boost to MEO's revenues and net profit.

Ample Liquidity

MEO had a cash balance of A$90.1 million as of June 30, 2011. The company had raised A$32.6 million through a placement of 62.8 million shares at A$0.52 per share in November 2010. Although MEO has used some of the funds for acquiring interests in AC/P50, AC/P51, South Madura PSC and Seruway PSC since November 2010, its uncommitted cash of A$90.1 million translates into A$0.166 per share of cash backing after taking into account the placement proceeds received from the investors.

MEO intends to use the cash to integrate Indonesian acquisitions; assist in planning activities for the drilling of Heron-3; plan seismic acquisitions in multiple permits; and explore alternatives for commercializing the Tassie Shoal projects. We believe that the company can also use these funds for acquiring producing assets and exploration/appraisal opportunities at an attractive valuation where MEO can add value through the existing skill set. MEO wants to expand its geographical footprint in Australia as well as in South East Asia.

SWOT

Strengths

- MEO's strong cash position can be used to fund the capital expenditure required for the company's incumbent projects as well as to fund acquisitions
- MEO's portfolio consists of 5 gas discoveries, namely, Heron and Blackwood in NT/P68, Marina in WA-454-P exploration permit, Gurame and Langsa in Seruway PSC in Indonesia. These discoveries will help the company to produce gas in the near future, which can be used for production of LNG and /or methanol
- The company's 2C resources of 0.29Tcf in Heron north and prospective resource of 4.96Tcf in the Greater Heron structure has the potential to be converted into gas reserves. The gas produced from the reserves can be used in conversion of gas into LNG and /or methanol
- The farm-in agreement with Eni Australia Limited for the Heron and Blackwood gas discoveries will result in significant cost savings for MEO, as Eni will fund the drilling of two Heron wells and also have an option to earn a 50% stake in the Blackwood gas discovery by conducting at least 500 sq km of 3D seismic survey and drilling a well in the Blackwood area
- It has a highly-experienced management team with significant experience in hydrocarbon exploration, development and production

Weaknesses

- The company has been unsuccessful in its previous attempts to find hydrocarbons in Zeus and Artemis-1
- It has not generated any revenue to date

Opportunities

- The expected long-term demand for methanol from China is conducive for the development of its methanol project TSMP
- MEO can use the cash for acquiring producing assets and exploration/appraisal opportunities at an attractive valuation where the company can add value
- It can protect itself against fluctuations in the price of natural gas if it is able to secure raw gas supply from NT/P68 permit
- Governments worldwide are encouraging companies to develop greener technologies for reducing reliance on conventional energy sources and to spur a move towards clean energy sources

Threat

- The company might not be able to find commercial hydrocarbons in the NT/P68 permit, which has two discoveries, namely, Heron and Blackwood. The absence of commercial hydrocarbons can jeopardize the development of the Tassie Shoal projects

Latest Financial Results

Exhibit 38 : Half Yearly Income Statements

Australian $	Half Year Dec 31, 2009	Half Year Dec 31, 2010	YoY%
Interest Income	306,154	1,215,103	296.9%
Gain on Disposal of 50% Interest in WA-360-P	-	29,611,847	
Total Income	306,154	30,826,950	9969.1%
Depreciation and Amortization Expense	(60,713)	(52,828)	-13.0%
Directors, Employees and Consultants	(1,498,224)	(1,929,726)	28.8%
Exploration Expenditure Written Off	(331,590)	(8,718,020)	2529.2%
Project Expenditure	(260,369)	(18,204)	-93.0%
Foreign Exchange Losses	(210,637)	(994,407)	372.1%
Other Expenses	(702,182)	(733,650)	4.5%
Profit/ (Loss) Before Income Tax	**(2,757,561)**	**18,380,115**	**-766.5%**
Income Tax Benefit/ (Expense)	(322,303)	(308,378)	-4.3%
Net Profit/(Loss) for the Period	**(3,079,864)**	**18,071,737**	-686.8%
Basic Earnings (Loss) per Share (in cents)	**(0.72)**	**3.71**	**-615.3%**
Diluted Earnings (Loss) per Share (in cents)	**(0.72)**	**3.71**	**-615.3%**

Source: Company Filings, RB Milestone

MEO has yet to record any revenues from its operations. The company recorded interest income of A$306,154 and A$1,215,103 in the half year ended December 31, 2009 and December 31, 2010, respectively. In the half year ended December 31, 2010, MEO made a profit of ~A$29.6 million on disposal of 50% interest in WA360-P.

Valuation & Investment View

We have valued MEO based on relative valuation using EV/Reserves as the comparable parameter. We have considered peers in the hydrocarbon sector that predominantly have prospective and/or contingent resources in their portfolio. These peers primarily conduct exploration in the offshore northern Australian region and hold substantial assets in the region.

The recoverable hydrocarbons are classified as reserves, contingent resources and prospective resources based on the risk profile and the uncertainty of the asset.

Reserves are further classified as 1P, 2P and 3P, while contingent resources are classified as 1C, 2C and 3C and prospective resources are classified as low estimate, best estimate and high estimate. We have adjusted the reserves, contingent resources and prospective resources to account for recovery risk with the following probabilities at different levels of classification:

- 1P/1C/Low Estimate-90%
- 2P/2C/Best Estimate-50%
- 3P/3C/High Estimate-10%

Using the above mentioned probabilities, we have arrived at risk-weighted reserves, contingent resources and prospective resources. And finally, for computing the overall reserve figure, we have assumed a 10% probability for conversion of contingent resources to reserves and a 1% probability for conversion of prospective resources to reserves. In addition, we have also considered the proportionate interest of the companies in their respective hydrocarbon assets.

We have only included the resources from the Heron north gas field and Greater Heron structure in our valuation and have not considered any impact from the ongoing exploratory efforts which can greatly augment the company's resource base in the future.

Exhibit 39 : Peer Valuation

Company	Reserves	Contingent Resources	Prospective Resources	Adjusted Reserves	EV (A$ mn)	EV/Adjusted Reserves
Karoon Gas	0.00	1.23	6.22	0.19	402.88	2,172.85 x
Nexus Energy	0.17	0.00	1.20	0.19	524.39	2,815.18x
Cue Energy	0.02	0.00	0.06	0.02	123.75	5,229.79x
Rialto Energy	0.00	0.75	1.57	0.09	125.70	1,393.01x
MEO Australia	0.00	0.37	6.44	0.10	NM	NM

Source: RB Milestone, Bloomberg

Exhibit 40 : MEO Valuation

Valuation for MEO	**in million A$**
Enterprise Value (EV)	295
Adjustments	
Cash	90.1
Minority Interest	0.0
Total Debt	0.0
Value of Equity	385
Number of Shares O/S	539.913
Value Per Share	**0.714**
Current Market Price	0.155
Upside/(Downside)	**360%**

Source: RB Milestone, Bloomberg

We have also considered completed transactions for the purpose of transactional evidence in the offshore northern Australian region since 2005. The average implied gas value comes out to be US$62 million per Tcf of Reserves/Resources. MEO has ~5Tcf of prospective resource in the Greater Heron strucutre Based on the multiple the value of the asset equates to ~A$310 million, which is close to our computed enterprise value for the company.

Exhibit 41 : Past Transactions in Offshore Northern Australian Region

Acquisition Year	Acquiring Company	Target Asset	Percentage Acquired	Acquisition Price	Reserves/ Resources	Implied Gas Value (in US$ million /Tcf)
2011	PTTEP Australasia Pty Limited	AC/RL7 which contains Cash Maple gas field	20%	US$8 million	600 Bcf recoverable gas	66.7
2009	PT Energi Mega Persada	Abadi Gas Field	10%	US$100 million	10Tcf Reserves	100.0
2006	Shell	AC/P23 exploration permit, which contains the Crux gas-condensate field	100%	US$40 million	1.3Tcf of recoverable gas	30.8
2005	Eni	Blacktip	53.85%	US$30 million	1.1Tcf of recoverable gas	50.6

Source: RB Milestone, Company Websites, Company Reports, Bloomberg

We initiate coverage on MEO Australia Limited with a price target of A$ 0.714 per share, an upside of 360% from the current trading price. It must be noted that its current market cap of ~A$83.7 million is lower than its cash on books of A$90.1 million underscoring the fact that the company's current valuation is screamingly low. At this juncture there is a strong upside potential and limited downside risk.

Key Risk Factors

- **Commodity Price Risk.** Commodity prices are volatile by nature and a steep fall in the international price of methanol and LNG for a long period of time may render the Tassie Shoal projects commercially infeasible
- **Exploration Risk.** There is a possibility that MEO's efforts to explore and find gas from NT/P68 exploration permit might fail and the company would be unable to secure raw gas for Tassie Shoal projects
- **Operational Risk.** MEO faces operational risk if it is unable to continue exploration activities due to operational difficulties such as absence of skilled labor; the non-availability of tools and equipments required for exploration; industrial and environment accidents; and industrial disputes
- **Natural Calamity Risk**. MEO is vulnerable to risk from natural calamities such as earthquakes, cyclones, adverse weather conditions, etc. which could disrupt the exploration activities of the company and hamper its production
- **Forex Risk**. MEO plans to sell its methanol output in China and India which will expose it to currency fluctuation between RMB/A$ and INR/A$. Any unfavorable movement in forex rates can negatively impact the revenues and thus the profitability of the company
- **Credit Risk.** MEO is exposed to credit risk in case of default of the counter party. Credit risk arises when the counter party fails to meet its financial obligation. The company has been trying to minimize the credit risk by doing business solely with recognized and credit worthy partners such as Eni Australia Limited and Petrobras
- **Environmental Risk**. The company's projects are subject to Australian environmental laws and regulations and Commonwealth approvals which could lead to potential liability risks in cases of violations

MEO Management and Board of Directors

Mr. Jurgen Hendrich, Managing Director and Chief Executive Officer

Mr. Hendrich has been the company's CEO since June 2008 and MD since July 2008. He began his professional career in 1984 as a Petroleum Geologist with Esso Australia (subsidiary of ExxonMobil). While working for nearly 12 years with Esso Australia, Mr. Hendrich progressed from technical roles to commercial roles including strategic planning, business analysis and joint venture relations. He began his investment banking career with JB Were (now Goldman Sachs JB Were) where he became a top rated energy analyst. Prior to joining MEO, Mr. Hendrich joined Australian broking firm Tolhurst in 2004 where he headed resources research and subsequently became Director of Corporate Finance. Mr Hendrich holds a Bachelors of Science (Hons) degree in Geology.

Mr. Nicholas Heath, Chairman and Non-Executive Director

Mr. Heath became MEO's Non-Executive director on May 12, 2008 and Chairman on November 13, 2008. Mr. Heath is a chemical engineer with more than 30 years industry experience in the Australian and international energy markets gained through senior management positions with ExxonMobil in Australia and overseas. Mr Heath was a director of ExxonMobil Australia Pty Ltd. Mr. Heath has also served as a chairman of the Australian Petroleum Production and Exploration Association (APPEA) from 1997-99. Mr. Heath also currently serves on the board of ASX listed Coal Seam Gas company – Metgasco Limited and unlisted credit union - EECU Limited.

Mr. Stephen Hopley, Non-Executive Director

Mr. Hopley was appointed as Non-Executive Director of MEO on October 1, 2008. Prior to joining MEO, Mr. Hopley acted as Division Director of the Financial Services Group with responsibility for advisor relationships and distribution. He successfully developed and implanted a range of new products for distribution and led a number of sales teams that achieved outstanding sales results. He was also responsible for the two largest retail cash products in the industry. Mr. Hopley spent 14 years of his career with Macquarie Bank from 1989 to 2003. He has served on a number of Boards, foundations, committees and non-profit organizations. He is a past Board member of the Education Foundation of Australia and the Lord Mayor's Charitable Fund. Mr. Hopley is also Chairman of MEO's Audit Committee.

Mr. Gregory Short, Non-Executive Director

Mr. Short joined MEO as Non-Executive director on July 14, 2008. Prior to joining MEO, Mr. Short spent 33 years with ExxonMobil as a geologist before retiring in 2006. He has extensive international experience in predominantly managerial roles in Malaysia, Africa and North America and spent the last 15 years of his career in management assignments that included Exploration Manager for USA, Chad and Nigeria as well as serving 7 years in Angola as Geoscience Director. Mr. Short is a member of the Audit Committee and has successfully completed the Australian Institute of Company Directors (AICD) course. Mr. Hendrich holds a Bachelors of Science (Hons) degree in Geology. Mr. Short also currently serves as Non-Executive director for Pryme Oil and Gas and Po Valley Energy.

Mr. Michael Sweeney, Non-Executive Director

Mr. Sweeney was appointed as Non-Executive Director of MEO on October 1, 2008. Mr. Sweeney practices as a Barrister at the Victorian Bar, Melbourne, specializing in the fields of energy and resources law, competition law/third party access regimes, joint ventures and generally in commercial and contract law. He also specializes in alternative disputes resolution, particularly arbitration, both as a qualified arbitrator and as counsel in arbitrations. Mr. Sweeney was the senior managing executive of the Mitsubishi and Mitsui interests (MIMI) in the Australian North West Shelf (NWS) Gas Joint Venture from 1986 to 1996. Mr. Sweeney is also a member of MEO's Audit Committee.

Mr. Colin Naylor, Chief Financial Officer & Company Secretary

Mr. Naylor has financial experience of 30 years in the resource sector. He spent majority of his 30 years in the upstream industry with Woodside Petroleum Limited and BHP Petroleum. Mr. Naylor's responsibilities include accounting, taxation, compliance, treasury, company secretarial as well as involvement in many commercial activities of the company.

Mr. Robert Gard, Commercial Manager

Mr. Gard has more than 22 years of experience at ExxonMobil. He has spent over 9 years in gas related commercial negotiation on PNG, Cooper Basin, Gippsland and WA agreements. Mr. Gard's career experience also includes corporate affairs and planning, sub-surface engineering and various other engineering and project management roles. His responsibilities at MEO includes managing existing JV relationships and agreements and heading negotiations and analysis for existing and new business ventures. Mr. Gard is an Honours graduate in Mechanical and Electrical Engineering.

Mr. Andrew Leeds, Senior Commercial Analyst

Mr. Leeds has extensive experience in the oil and gas, mining, petrochemicals and finance sectors. In the past 15 years, he has worked for Santos, assessing international new ventures and exploration projects throughout South East Asia, northern Africa and the Middle East, prior to which he was with Bechtel and ExxonMobil/Orica JV as an engineer on large-scale Australian engineering projects. Recently, he has spent five years at Macquarie Bank in Australia and Hong Kong, trading derivatives across regional exchanges. Mr. Leeds works with the CEO, Commercial Manager and G&G team to commercialize MEO's development projects and generate new ventures that will drive company growth. Mr. Leeds holds a Bachelor of Engineering degree from James Cook University and a Masters of Finance from Macquarie University.

Mr. Ken Hendrick, Implementation Manager

Mr. Hendrick is a Senior Project Manager with extensive experience in the safe execution of complex multi-discipline developments for the resources sector, particularly in the offshore oil and gas industry. He has undertaken a diverse number of senior project roles ranging from client representative in an office or site situation; to active management of a 250-person multi-discipline consulting practice and to sponsorship/management of multi-million dollar capex projects. He is responsible for both the design and project implementation strategies, which embrace conceptual evaluation, budget preparation; contracting plans; construction and the operational support phases.

Mr. David Maughan, Exploration Manager

Mr. Maughan is an exploration geophysicist with world-wide experience in exploration, development and production. He worked for and consulted to ExxonMobil for 35 years, with over 20 years' expatriate service in North and South America, Asia and Europe. He spent more than 25 years in management in a variety of line, operational, staff and technical functions. He is responsible for managing MEO's G&G team and all aspects thereof in relation to existing projects and potential new ventures.

Mr. Jarrod Dunne, Senior Geophysicist

Mr. Dunne is a geophysicist with a passion for Quantitative Interpretation, built over 14 years spent working with Shell, Woodside and Nexus Energy. In this field, he has contributed to the research and development of many AvO, seismic inversion and rock physics techniques and has successfully applied these in worldwide exploration, development and production projects. Recently, he has worked on long-term seismic interpretation projects in the Browse and Gippsland Basins, along with new ventures studies in diverse areas such as Brunei, Falklands, Pakistan, Nigeria and Mozambique.

Mr. Peter Stickland, New Ventures Advisor

Mr. Stickland has over 20 years of global experience in oil and gas exploration. He was CEO of Tap Oil Limited from 2008 until late 2010 during which time he oversaw the evolution of the company into a South East Asia/Australia focused E&P Company. Prior to joining Tap Oil, he had a successful career with BHP Billiton including a range of technical and management roles. Mr. Stickland is a member of the Board of Australian Petroleum Production and Exploration Association Limited (APPEA).

Mr. Errol Johnstone, Chief Geoscientist

Mr. Johnstone has spent over 29 years with ExxonMobil in a variety of exploration and appraisal roles, with particular emphasis on new ventures, basin analysis and new play generation. He is one of the industry experts in Structural Geology, Regional Geologic Synthesis, Sequence Stratigraphy and 2D/3D Seismic Interpretation. He has extensive experience working on multi-disciplinary taskforce studies working with Russian, Japanese, Malaysian and Indonesian geoscientists and has also been active in teaching structural geology field schools and mentoring new geoscience staff over the last 10 years. Mr. Johnstone, in conjunction with Mr. Maughan, spearheads the company's pursuit of new ventures.

Ms. Stephanie Grey, Geological Assistant

Ms. Grey joined MEO in June 2010 to provide support to the Geology team with regard to data management and the online and physical libraries. She is also responsible for loading and interpreting seismic data in geophysical software programs and preparation of Government submissions. She graduated from University of Melbourne in December 2010 with a Bachelor of Science Degree majoring in Geology.

Disclaimer

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