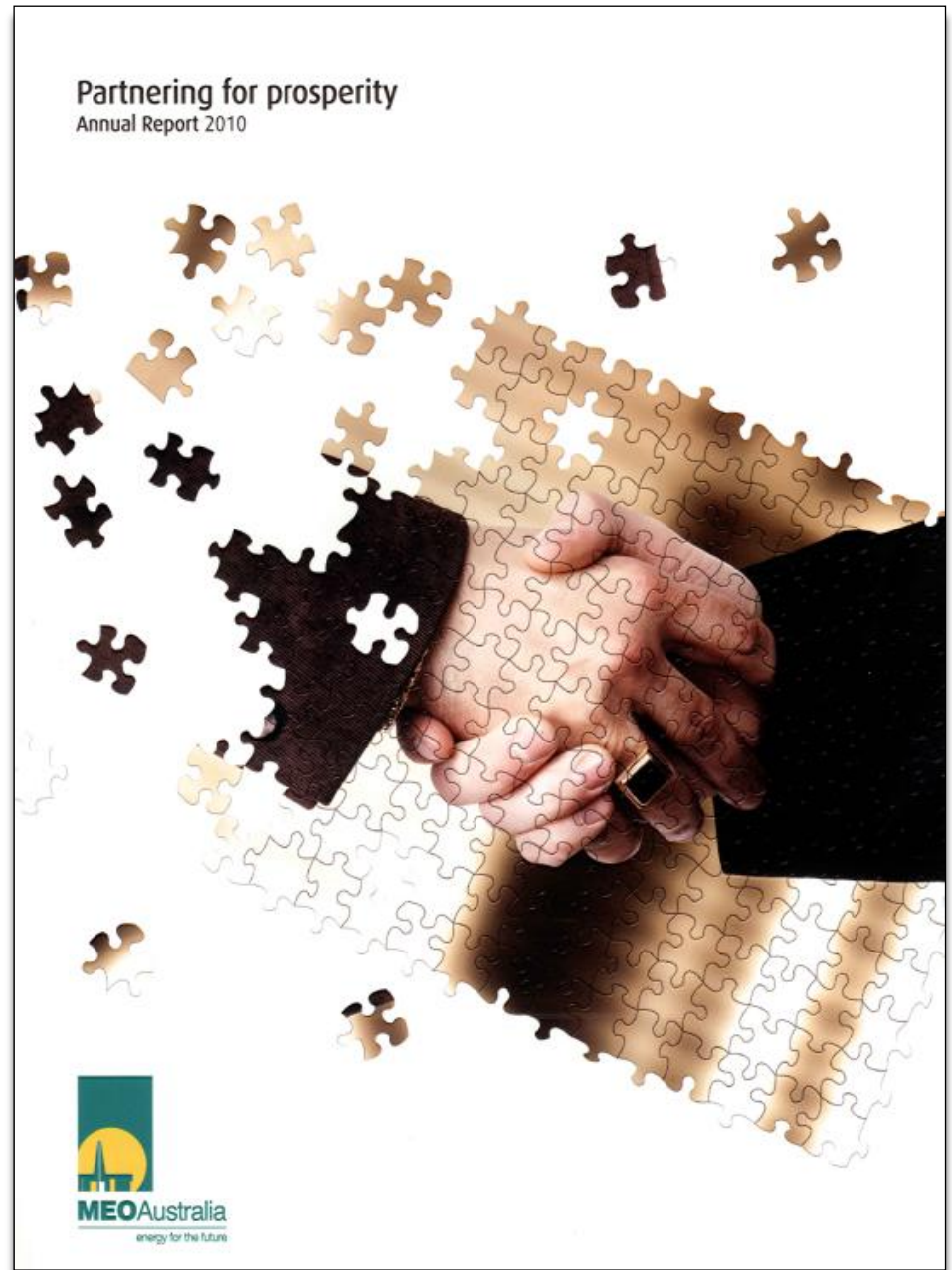


**MEOAustralia**

energy for the future





**CEO Report**

18<sup>th</sup> November, 2010



# Introduction

## Your board and executive management team

	<p><b>Nick Heath</b> Non-Executive Chairman</p> <ul style="list-style-type: none"> <li>• Appointed May 2008</li> <li>• Engineer</li> <li>• &gt;30 years with ExxonMobil</li> <li>• Past APPEA President</li> </ul>
	<p><b>Jürgen Hendrich</b> MD &amp; CEO</p> <ul style="list-style-type: none"> <li>• Appointed July 2008</li> <li>• Geologist, Investment Banking</li> <li>• 12 years at Esso Australia</li> <li>• 13 years financial markets</li> </ul>
	<p><b>Greg Short</b> Non-Executive Director</p> <ul style="list-style-type: none"> <li>• Appointed July 2008</li> <li>• Geologist</li> <li>• &gt;33yrs with ExxonMobil</li> <li>• Retired 2006</li> </ul>
	<p><b>Michael Sweeney</b> Non-Executive Director</p> <ul style="list-style-type: none"> <li>• Appointed October 2008</li> <li>• Barrister, arbitrator &amp; mediator</li> <li>• Practicing Barrister</li> <li>• 10 years MiMi (Mitsui/Mitsubishi)</li> </ul>
	<p><b>Stephen Hopley</b> Non-Executive Director</p> <ul style="list-style-type: none"> <li>• Appointed October 2008</li> <li>• Financial Services</li> <li>• 14 years with Macquarie Bank</li> <li>• Retired 2003</li> </ul>

	<p><b>Colin Naylor</b> CFO/Company Secretary</p> <ul style="list-style-type: none"> <li>• 30 years at Woodside, BHP, Rio</li> </ul>
	<p><b>Robert Gard</b> Commercial Manager</p> <ul style="list-style-type: none"> <li>• 22 years with ExxonMobil</li> </ul>
	<p><b>Ken Hendrick</b> Implementation Manager</p> <ul style="list-style-type: none"> <li>• &gt;40 years with large companies</li> </ul>
	<p><b>Dave Maughan</b> Exploration Manager</p> <ul style="list-style-type: none"> <li>• 35 years with ExxonMobil</li> </ul>
	<p><b>Errol Johnstone</b> Chief Geoscientist</p> <ul style="list-style-type: none"> <li>• 29 years with ExxonMobil</li> </ul>



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# Key messages

Identifying & realising lasting value requires people, processes & projects

Aspect	Action	Impact
<p><b><u>People</u></b></p> <ul style="list-style-type: none"> <li>-Board</li> <li>-Exec team</li> </ul>	<p>Worked tirelessly during farm-in process</p> <p>Sustained technical &amp; commercial effort</p> <p>Targeted addition of Errol Johnstone</p>	<p>Experience crucial in closing deal</p> <p>Underpins future of company</p> <p>Drives new venture screening</p>
<p><b><u>Processes</u></b></p> <ul style="list-style-type: none"> <li>-Technical</li> <li>-Commercial</li> </ul>	<p>Identify potential to add value</p> <p>Structure deals to optimise s/h value</p>	<p>Quality of partner we attract</p> <p>Value to all stakeholders</p>
<p><b><u>Acreage</u></b></p> <ul style="list-style-type: none"> <li>-WA-359-P</li> <li>-WA-360-P</li> <li>-WA-361-P</li> <li>-NT/P68</li> </ul>	<p>Relinquished due to technical immaturity</p> <p>Raised funds to exercise option to drill</p> <p>Attracted Petrobras as JV partner</p> <p>Increased interest from 35% to 50%</p> <p>Increased interest from 90% to 100%</p> <p>Renewed acreage for further 5 years</p> <p>Conducted sophisticated technical work</p> <p>Launch farm-in process</p>	<p>Preserve shareholder funds</p> <p>Preserved Artemis-1 opportunity</p> <p>Transformed company fortunes</p> <p>Increased flexibility/optionality</p> <p>Increased flexibility</p> <p>Preserved potential value</p> <p>Model to predict reservoir quality</p> <p>Seeking to attract funding partner</p>
<p><b>Tassie Shoal</b></p>	<p>Ongoing effort to secure 3<sup>rd</sup> party gas</p>	<p>Strict commercial criteria</p>



# Building sustainable long term value

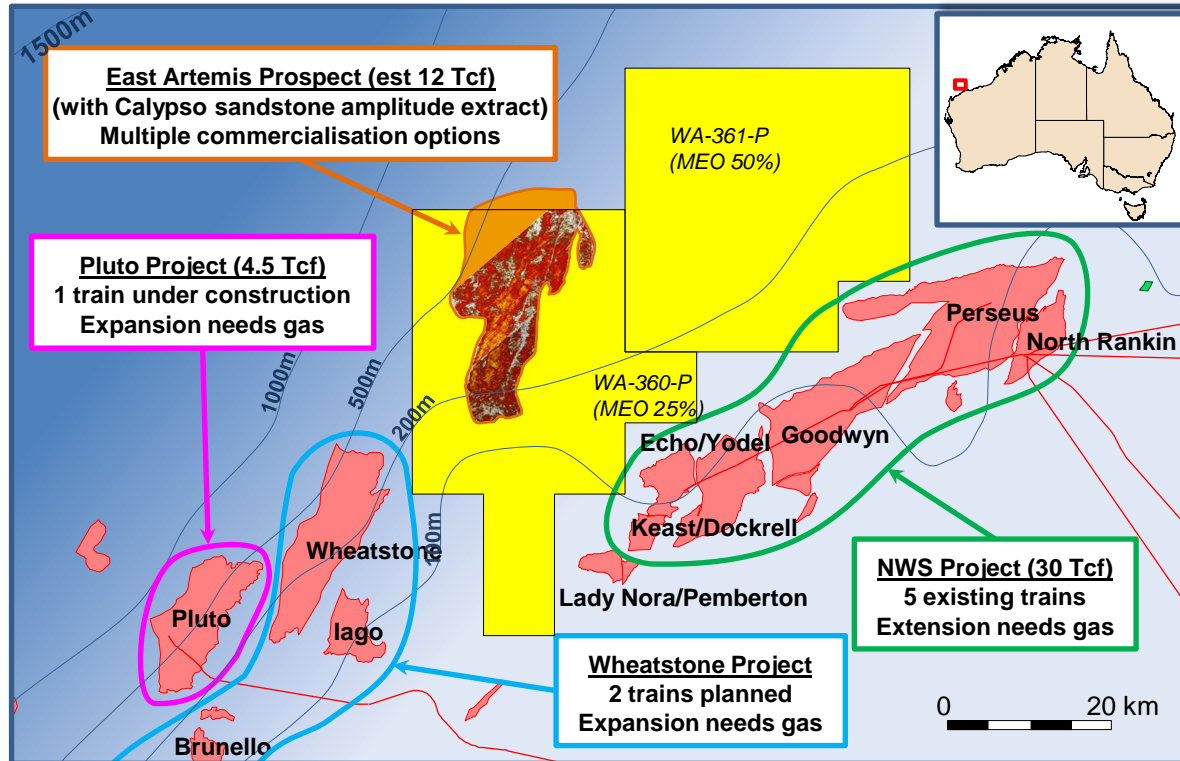
Instantaneous valuation driven by short term interest holders





# Petrobras farm-in to WA-360-P

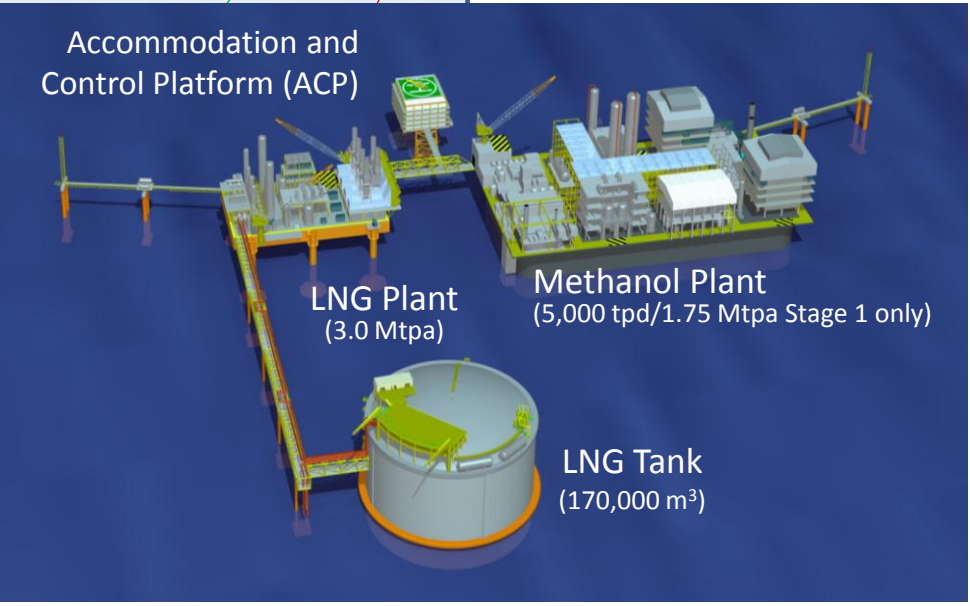
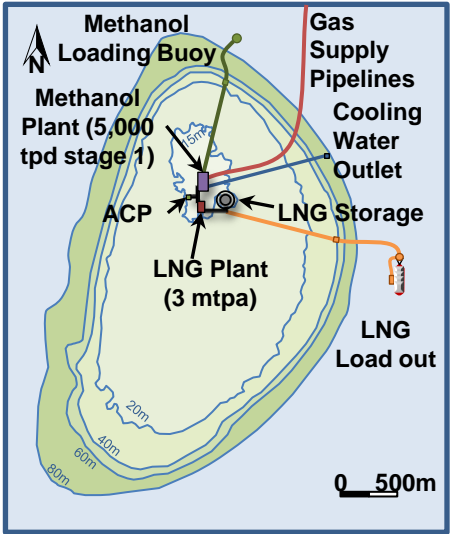
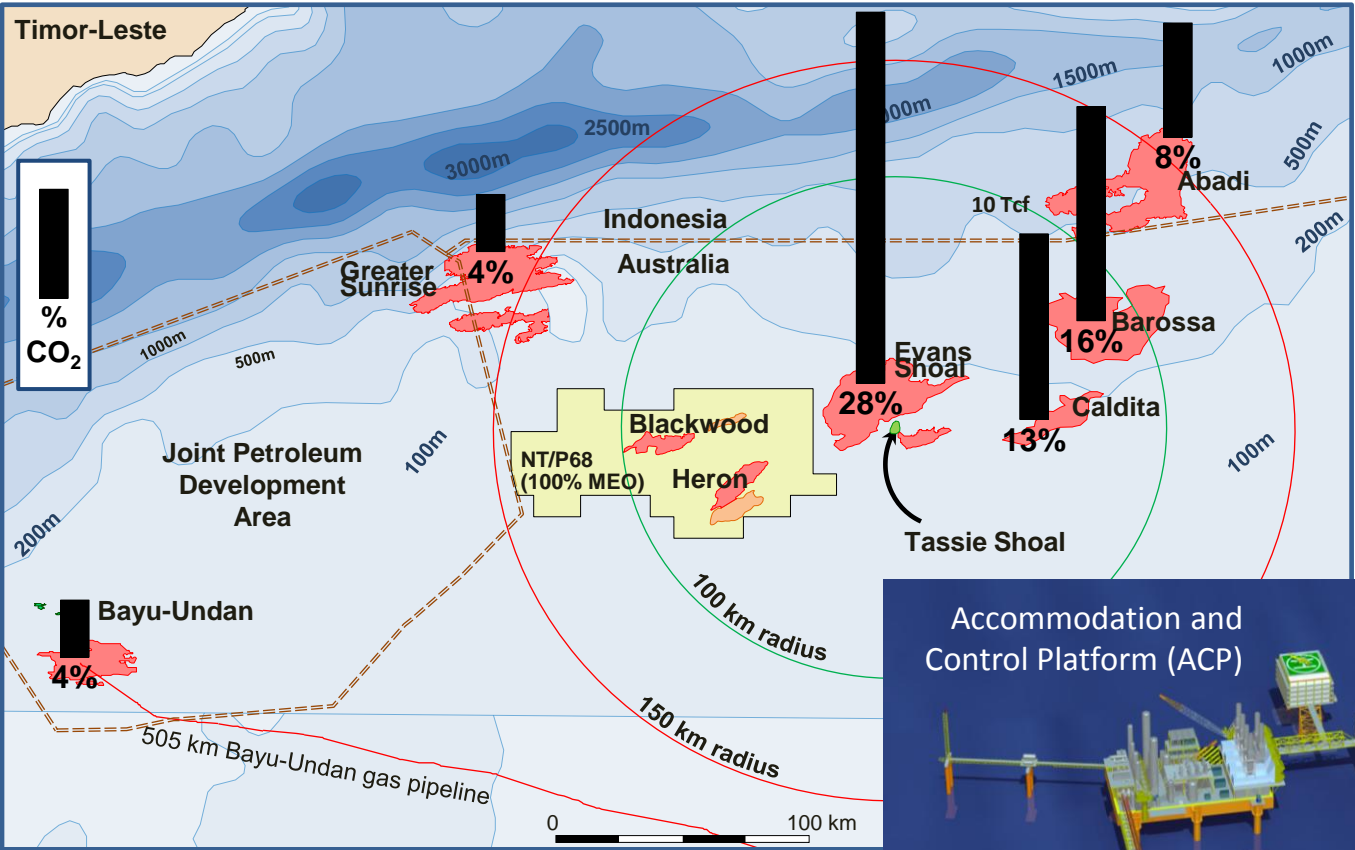
~12 Tcf prospect, potential to underwrite multiple LNG trains



- Petrobras farmed in for 50% interest (April 2010)
  - Paying 100% of 1<sup>st</sup> well (to US\$41m cap, MEO & Petrobras 50/50 above cap)
  - MEO received US\$31.5m cash, plus US\$7.5m in seismic related back-costs
  - Success case
    - Paying 70% of 2 additional wells (MEO carried for 20% PI, to US\$62m cap/well)
    - MEO receives additional US\$31.5m cash payment
- MEO retains 25% participating interest & is Operator for 1<sup>st</sup> well
- Rig handover occurred November 14<sup>th</sup>, expected to arrive at Artemis-1 on 23<sup>rd</sup> November

# Tassie Shoal Projects

A modular hub ready for gas of any quality...

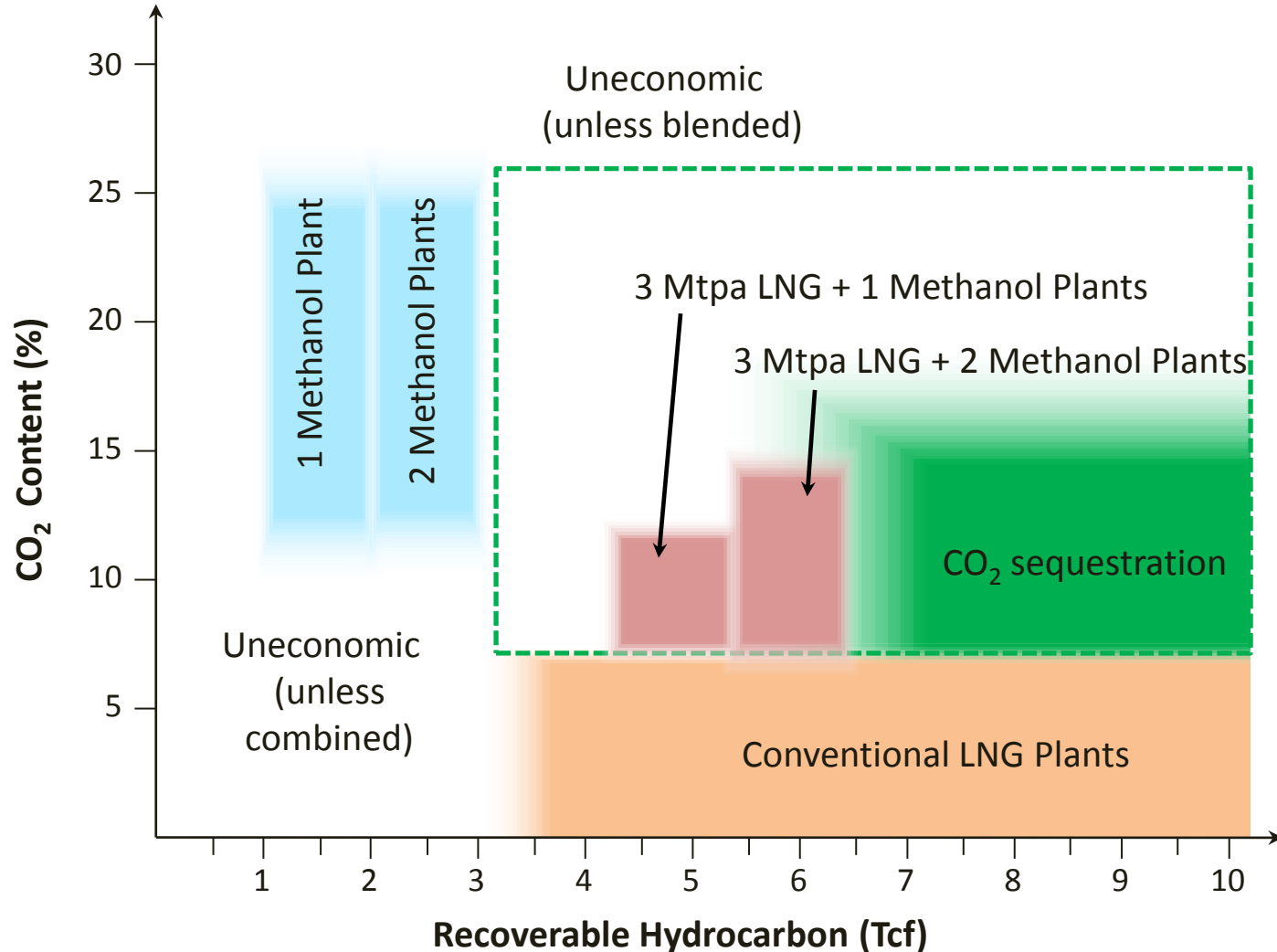


**Solution to:**

- Gas quality
- Remoteness
- Geopolitical issues
- Floating LNG costs and technical risks

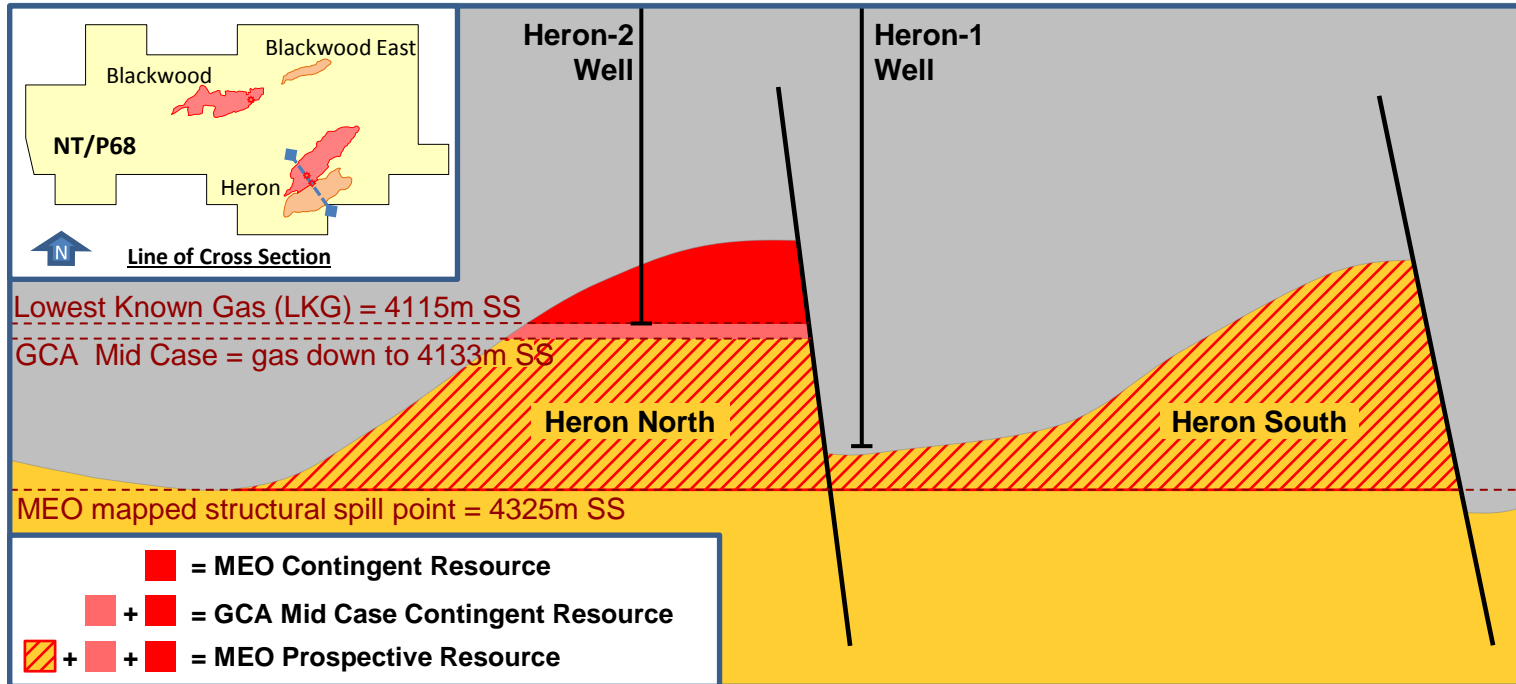
# Projects provide optionality & flexibility

Methanol plant has substantially lower reserves threshold than LNG



# Heron discovery – seeking farminee to fund appraisal

Prospective resource ~5 Tcf (Best Estimate) – LNG size/quality?



**Table 1. Heron North (Discovered Resource)**

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

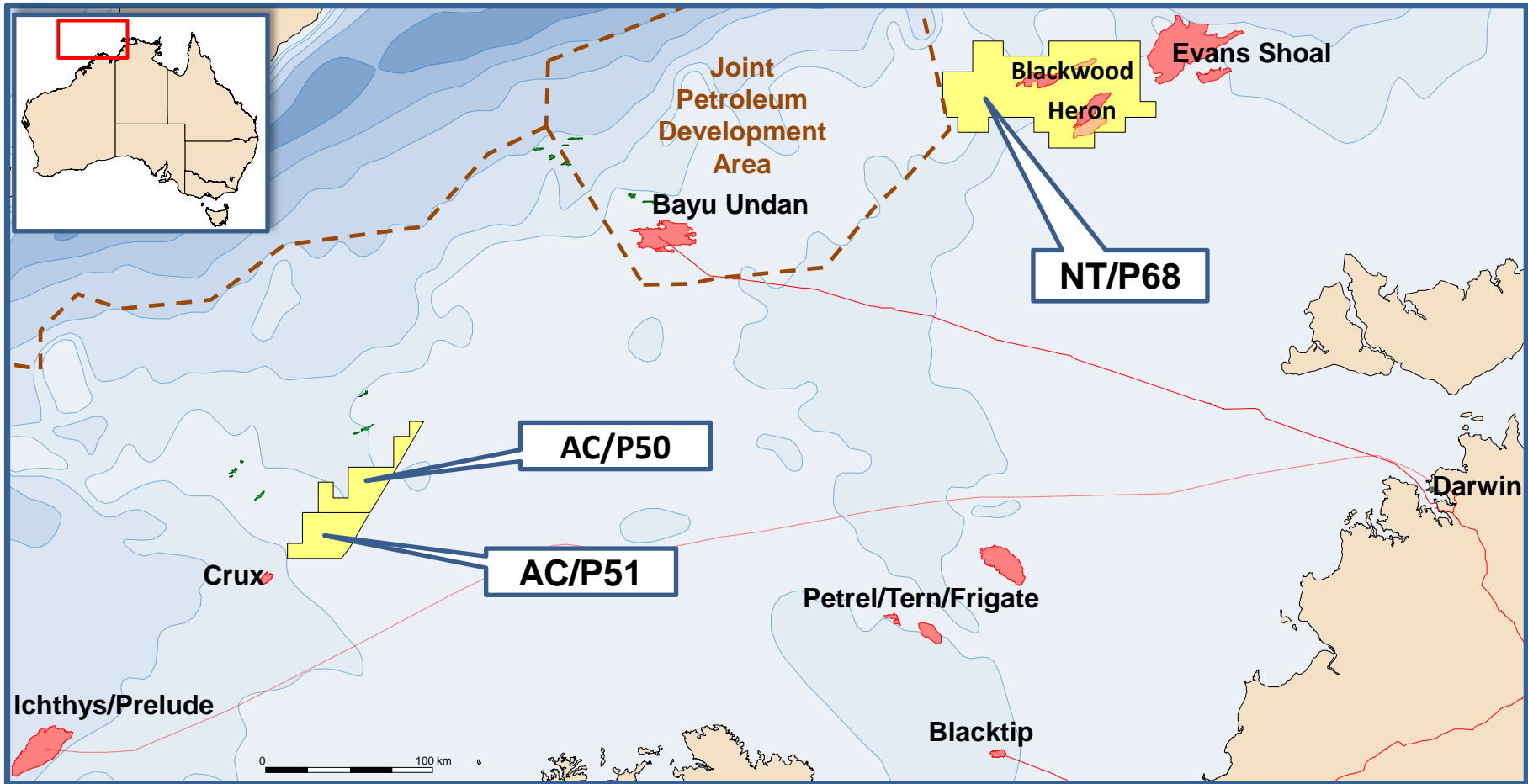
**Table 2. Greater Heron Structure (Prospective Resource)**

Raw Gas Ultimate Recovery (Tcf)	Low	Best Estimate	High
MEO Prospective Resource Assessment <sup>2</sup>	3.66	4.96	6.64

1. The GCA and MEO volumes reported in this table have NOT been reduced for non-hydrocarbon gas (CO<sub>2</sub>, N<sub>2</sub>) content. Expected ranges are shown in Table 3 below. MEO has limited the non-hydrocarbon gas (CO<sub>2</sub>, N<sub>2</sub>) content to that observed in the primary reservoir at Evans Shoal-2.

# Acquired AC/P50 and AC/P51

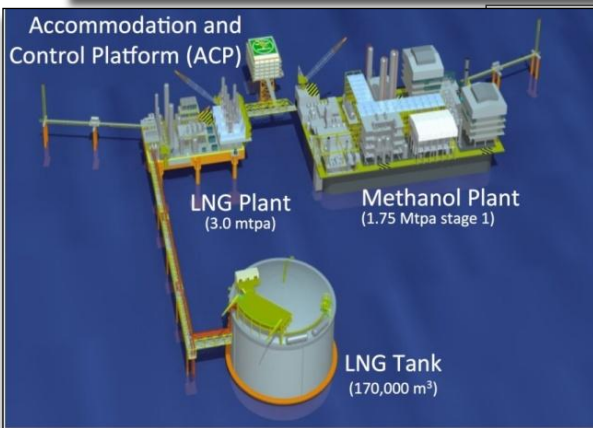
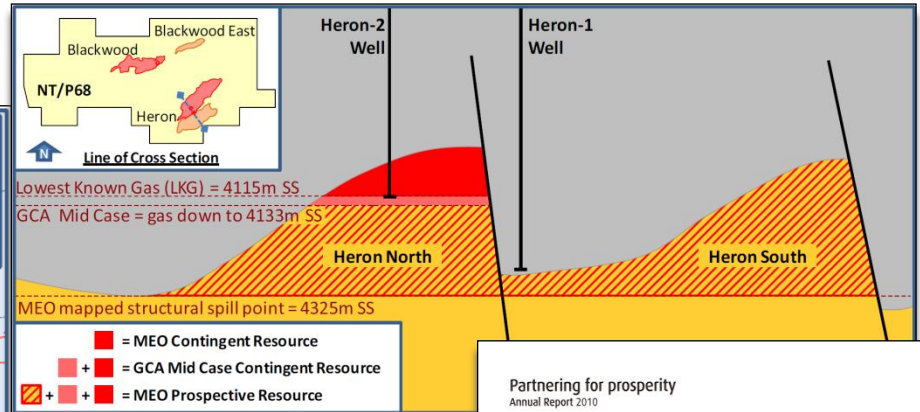
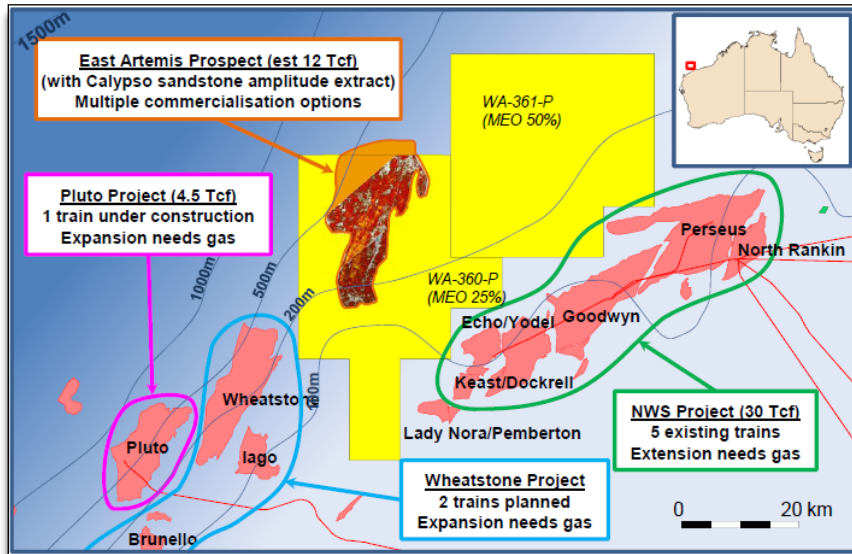
## Selectively adding prospective acreage to portfolio



- Executed agreement to acquire 100% interest in AC/P50 & AC/P51 from Silver Wave Energy
- Silver Wave has option to buy-back a 10% working interest in each permit to end Permit Yr 3
- RedRock has option to acquire a 5% carried interest in each permit
- MEO will retain 85%-95% operating interest in each option subject to exercise of options

# Summary & questions

## Positioned to test significant potential value



# Disclaimer

## Compliance

### Disclaimer

This presentation includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with estimation of potential hydrocarbon resources, the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

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