



## MEO Australia Limited

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## Quarterly activities report for Quarter ending 30 June 2009

### Key Points

- Commenced farm-out process for WA-360-P
- Completed processing of 250 km<sup>2</sup> Artemis 3D marine seismic survey
- Preliminary analysis of new 3D confirms attractiveness of Artemis prospect
- Deferred farm-out of NT/P68 pending outcome of the reported sale of operated interest in the nearby Evans Shoal gas field
- Made submission to the Government's Strategic Directions Paper on National Energy Policy – Framework 2030
- Consolidated cash balance at 30 June A\$17.2m

MELBOURNE, AUSTRALIA (16<sup>th</sup> July, 2009) -- MEO Australia Limited (ASX: MEO) provides the following update in relation to its activities for the quarter ended 30 June 2009.

### **WA-360-P (MEO 70%, Operator, Cue Energy 15%, Gas Corp 15%)**

MEO acquired the 250 km<sup>2</sup> Artemis 3D seismic survey in March. Processing was completed on schedule at the end of the quarter and the data arrived in house in early July. The new 3D data has:

- Validated the seismic velocities that were previously modelled from vintage 2D data. These velocities confirm the Artemis prospect is a structural high.
- Extended the northern boundary of the prospect and increased the size of the Artemis structure.
- Confirmed the northerly extension of seismic amplitudes exhibiting down-dip terminations in the prospect. This response is consistent with a possible gas-water-contact.

The combination of these factors coupled with an increased confidence in the expected reservoir quality and thickness at Artemis will likely lead to an increase in assessed gas-in-place significantly above the current estimate of 11.5 Tcf (total prospect) and 9.5 Tcf (within WA-360-P).

MEO made the new 3D seismic data available to prospective farm-in partners from 14<sup>th</sup> July and is confident that it will conclude a farm-in during the current quarter based on the significant prospectivity defined in the Artemis prospect and the strategic location of WA-360-P relative to existing and proposed LNG processing infrastructure.

Since MEO launched the farmout process for WA-360-P in late April, a significant number of well qualified companies have been through MEO's data room prior to the availability of the new Artemis 3D seismic data. The company has been approached by some companies to extend the deadline for indicative offers to enable them to complete their evaluation of WA-360-P. MEO has indicated it will consider granting an extension under certain circumstances.

### **WA-361-P (MEO 35%, Operator, RDI\* 35%, Cue Energy 15%, Gas Corp 15%)**

MEO continued its post Zeus-1 well technical evaluation. During the quarter, new bio-stratigraphic data revealed the presence of high quality Calypso Formation reservoir sands overlying the already identified Legendre Formation sands within Zeus-1. This has positive implications for the expected reservoir quality and thickness in the Artemis prospect.

\*Under External Administration as at 30<sup>th</sup> June 2009

**WA-359-P (MEO 60-70%, Operator, Cue Energy 15-20%, Exoil 15-20%)**

MEO integrated the Zeus-1 results into the geological understanding of this permit.

**NT/P68 (MEO 90-100%)**

MEO continued its preparations to farm-out an interest in the permit during the quarter, however deferred the farm-out pending the consideration of alternatives which might arise from changes of ownership at the nearby Evans Shoal gas field. It was reported that the operator of the Evans Shoal gas field was undertaking a divestment process in relation to their 40% interest in the field. Given the strategic location of the Evans Shoal gas field relative to the Company's NT/P68 exploration permit and approved gas processing projects on Tassie Shoal, management took the view that preserving MEO's equity in NT/P68 would likely enhance its strategic value, particularly in light of these developments coupled with the Resources and Energy Minister's stated objective of reviewing the retention lease regime.

**Approved Gas Processing Projects (MEO 50-90%)**

MEO continued to market its Tassie Shoal infrastructure hub concept based on its:

- Compelling economics, integrated CO<sub>2</sub> solution, and
- Economic enabling characteristics for stranded, CO<sub>2</sub> and distance challenged gas

The company held discussions with a number of parties that appreciate the potential value of the Tassie Shoal infrastructure hub concept and understand the economic benefits of using methanol production to sequester CO<sub>2</sub> into a saleable product. These discussions all remain at an early stage.

**Energy white paper submission**

During the quarter, MEO made a submission to the Government's National Energy Policy Strategic Directions Paper which is also relevant to the Energy Minister's consideration of possible changes to the retention lease regime. The Government invited MEO to discuss its recommendations to facilitate the accelerated development of Australia's natural gas resources.

**New venture opportunities**

MEO continued high level screening of New Venture opportunities during the quarter.

**Cash balance at end of quarter**

A\$17.2m.

**Priorities for the quarter ended 30-September-2009**

- Continue to integrate the Artemis 3D seismic data and complete farm-out process for WA-360-P
- Make further progress on farmout, including discussions with Petrofac in relation to NT/P68 Joint Venture and approved gas processing projects
- Prepare acreage renewal application for NT/P68
- Continue discussions with prospective partners in Tassie Shoal gas processing infrastructure hub



Jürgen Hendrich

**Managing Director & Chief Executive Officer**

July 16<sup>th</sup>, 2009