

ASX & Media Release

Tassie Shoal LNG Project Technology and Cost Estimate Update

Key Points:

- Tassie Shoal LNG Project (TSLNG) technology, capital and operating cost estimates have been updated by major international engineering firms
- TSLNG maintains its ~\$2 - \$4Billion capital cost advantage in comparison with onshore and FLNG alternatives
- Key cost advantage drivers are the Tassie Shoal shallow water site, single module construction in a low cost South East Asian environment and the potential to be proximal to feedstock gas

MELBOURNE, AUSTRALIA (14th November, 2012)

MEO Australia Limited (ASX: **MEO**; OTCQX: **MEOAY**) advises that it has received the final reports recently commissioned to assess the technology basis and provide updated development cost estimates for the Tassie Shoal LNG Project (“**TSLNG**”). The reports were commissioned from major international engineering firms WorleyParsons and Arup, with input from APCI.

The TSLNG cost estimate is an overall capital spend of US\$2.0 Billion (including contingency of 25%) to produce 3.0 million tonnes per annum (MTA) of LNG. It is estimated that an incremental investment of \$220 Million (11%) is required to increase nameplate capacity to 4.0MTA (30% capacity increase). All cost estimates are on a +/-25% basis, consistent with the pre-FEED status of the TSLNG project. A high level breakdown of the cost estimates is provided in Table 1.



 TSLNG Component	Capital Cost Estimate (US\$M)	Company
Plant Costs – Topsides including Utilities	920	WorleyParsons with input from APCI
Substructure (ACE Platform)	133	ARUP
Accommodation & Control Platform	92	WorleyParsons
LNG Tank	365	ARUP
Jetty Structure/Topsides	410	ARUP/WorleyParsons
Project Development & Owners Costs	120	MEO estimate with input from APCI and Fluor
Total (US\$Million)	2,040	
Unit Cost \$/tpa	680/t	

Table 1 – TSLNG Capital Costs Estimates Summary (Tassie Shoal infrastructure)

MEO estimates that TSLNG (when scaled up to a 3.6MTA capacity to simplify the cost comparison) represents a ~US\$2 - \$4 Billion capital cost advantage for a TSLNG development compared with onshore and FLNG alternatives. Key elements of the savings are summarised in Table 2.

Estimated Costs (US\$M)	Onshore Darwin LNG	FLNG	 TSLNG*	TSLNG Vs Onshore Darwin	TSLNG Vs FLNG	
Plant	2,665	7,240	1,345	1,320	5,895	
FPSO Liquids Removal	1,000	-	1,000		-1,000	~\$2B saving vs Darwin Onshore
Pipeline <small>(from 170kms north of TS)</small>	1,300	-	440	860	-440	
LNG Tank	425	-	410	15	-410	
Jetty Structure/Topsides	300	-	410	-110	-410	
Project Development & Owners Costs	250	360	175	75	185	~\$4B saving vs FLNG
Upstream	2,500	2,500	2,500			
Total	8,440	10,100	6,280	2,160	3,820	
Unit Cost \$/tpa	2,344/t	2,806/t	1,744/t	600/t	1,061/t	

- * Estimate by WorleyParsons, Arup and APCI for LNG Plant at Tassie Shoal scaled for 3.6MTA and 4% CO₂ to compare costs for functionally similar LNG liquefaction plant at Darwin
- FLNG costs extrapolated from Prelude published data, reduced on relative CO₂ GOR, repeat build savings, etc.

Table 2 – TSLNG Capital Costs vs FLNG and Onshore

Additional activities to mature the engineering and cost estimates have been identified and will proceed commensurately with the commercial development of the project.

MEO's Executive Manager Business Development Robert Zammit commented:

"MEO currently holds a 100% interest in TSLNG and it's pleasing to see the globally competitive development costs re-affirmed by the technology and cost reviews by the industry's leading engineering firms. Business development activities are focussed on providing a compelling fast-track commercialisation path for MEO equity gas, and potentially for other regional resource owners. Additionally, TSLNG represents one of several development options for potential farminees to MEO's WA-454P, particularly those seeking a clear line of sight to an LNG commercialisation path with existing environmental approvals and the potential for an equity aligned upstream and midstream plant ownership structure."*

* see ASX release 10/10/2012 - WA-454 Farm Out

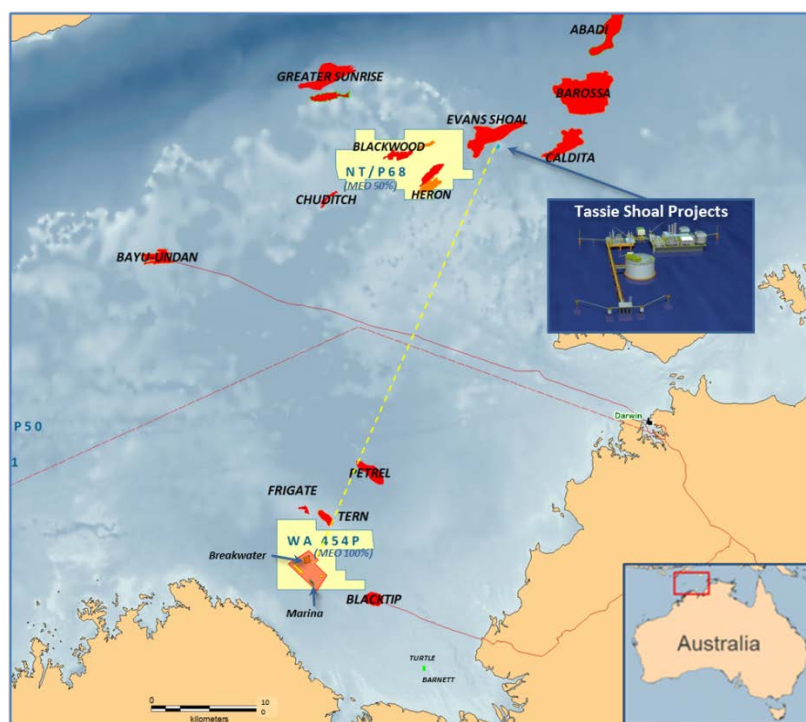
Tassie Shoal LNG Project (MEO 100%)

Project Overview

The Tassie Shoal LNG Project (TSLNG) offers a commercialisation path to LNG for any of the remote gas resources in the region. The design basis is that liquids would be removed from the raw gas at the field location and dry gas piped to Tassie Shoal for processing into LNG.

Location Map

Centrally located to regional gas supplies



The location is adjacent to many undeveloped gas resources in the region including the Blackwood and Heron discoveries in the nearby NT/P68 exploration permit (MEO 50%) and is approximately 400kms from MEO's 100% owned WA-454P permit.

Key Project Metrics

Expandable to 4MTA

- Water Depth: ~15m
- Capacity: 3.0MTA, expandable to 4.0MTA
- Single module construction
- Processing platform: Jack-up steel structure
- Self installing platform: 100m x 50m
- APCI Dual Mixed Refrigerant technology
- Gas feed assumption: <3% CO₂
- Process Cooling: Closed loop fresh water with indirect seawater heat exchange
- Storage: 170,000 m³ conventional secondary containment tank on concrete GBS caisson
- LM6000 Aero-derivative gas turbine drivers
- Electric drives
- Conventional Jetty
- Fabrication Location: South East Asia – TBC



**Designed by
Industry
Leaders**

Designed by the World's Leading Experts

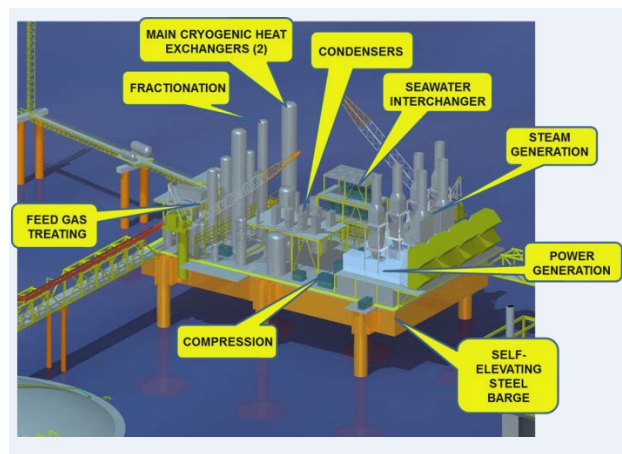
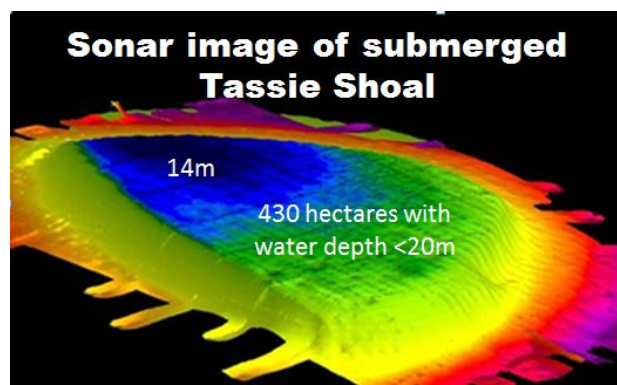
Pre-FEED design has been completed and the project costed by the world's leading designers WorleyParsons, Arup with input from APCI.

Competitive Advantage – single module construction

TSLNG design embeds a number of key competitive advantages when compared to onshore or FLNG alternatives:

**Competitive
advantages
result in
lower cost
outcome**

- Shallow water development site at Tassie Shoal
- Benign metocean conditions
- Facilities to be located on sea floor, avoiding FLNG complexities
- Process plant designed to be constructed in a single module and carried by heavy lift vessel to site and placed directly on sea floor
- LNG tank to be constructed in casting basin and wet towed to site, then ballasted directly onto sea floor
- Construction at a low cost SE Asian site
- Low cost seawater cooling process
- Able to be relocated at end of project life



Environmental Approvals

**Approvals in
place**

MEO has secured Federal Government Environmental Approvals for an LNG plant to be located at Tassie Shoal. TSLNG Project was assessed by the Federal Government under the Environment Protection and Biodiversity Conservation Act 1999 and Environmental Approval was granted in 2004. The approval was reviewed and renewed in 2012.

Major Project Facilitation Status

MPF granted

The project has been granted Major Project Facilitation (MPF) status by the Federal Government Department of Infrastructure and Transport. The Australian government grants Major Project Facilitation (MPF) status to projects that meet strict criteria. The MPF service endeavours to ensure that Commonwealth approval processes are coordinated with relevant state and territory government approval processes. MPF status was renewed in 2012.

Indicative Cost Savings over Onshore or FLNG

The following comparison table details MEO's estimate of indicative costs for development of 3.6 MTA LNG plants supplied from an indicative low CO₂ gas resource.

**~US\$2-\$4B
Savings Vs
Onshore and
FLNG**

Estimated Costs (US\$M)	Onshore Darwin LNG	FLNG	TSLNG*	TSLNG Vs Onshore Darwin	TSLNG Vs FLNG
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**~\$2B
saving vs
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**~ \$4B
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Surrounding Area Activity

Heron/Blackwood (NT/P68)

Eni and MEO are engaged in a program to appraise the Heron and Blackwood discoveries after which development options will be considered.

Evans Shoal (NT/P48)

The Evans Shoal gas discovery lies directly adjacent to NT/P68 and only 10 km from Tassie Shoal. In October 2011 Santos reached agreement with Eni to divest their 40% interest in the Evans Shoal field for up to US\$350 million. An appraisal well is planned for 2012/3.

Barossa (NT/P69)

The last well drilled in the permit in 2006 tested 16% CO₂ gas. In June 2012 SK E&S farmed into both NT/P69 and NT/P61 earning up to a 49.5% interest in both permits for funding up to US\$520 million in carry obligations and contingent milestone payments. Three appraisal wells are planned for 2013.

Caldita (NT/P61)

The last well drilled in the permit in 2007 tested 13% CO₂ gas. In June 2012 SK E&S farmed into both NT/P69 and NT/P61 earning up to a 49.5% interest in both permits for funding up to US\$520 million in carry obligations and contingent milestone payments.

Greater Sunrise (NT/RL2, NT/RL4, JPDA 03-19, JPDA 03-20)

Woodside and their joint venturers have proposed a 4MTA Floating LNG option for the gas resource located at Greater Sunrise, which partly lies within the Joint Petroleum Development Area cooperatively administered by Australia and Timor-Leste. The Timor-Leste authorities have indicated the development concept is unacceptable.

Marina & Breakwater (WA-454P)

MEO plans a farm-out of this permit in 2012/3 with an appraisal program anticipated to commence as soon as practicable.

**Near term
regional
appraisal**