

MERIDIAN OIL NL

ACN 008 678 091

AND ITS CONTROLLED ENTITIES

2005 ANNUAL REPORT

COMPANY INFORMATION

Registered Office

Level 4
47 Neridah St
Chatswood NSW 2067

Auditors

Ernst and Young

Solicitors

Esplins

Share Registry

Corporate Registry Services Pty Ltd

Bankers

St George Bank

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MERIDIAN OIL NL AND ITS CONTROLLED ENTITIES

DIRECTORS REPORT

Your directors submit their report for the financial year ended 30 June 2005.

DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

D Devenish-Meares FCA (Chairman)

Mr Devenish-Meares is a Chartered Accountant and has held directorships in several mining and petroleum exploration companies.

I L Veale B. Sc (Geology)

Mr Veale is a consultant geologist and investment adviser with considerable Australian and overseas experience in mining and petroleum exploration.

K D Kolinac

Mr Kolinac has been associated with various business providing services to the mining industry.

COMPANY SECRETARY

I L Veale

SHARE OPTIONS

No options have been granted during or since the year end.

DIVIDENDS

The directors of the chief entity recommend that no dividend be paid. No dividend has been declared or paid since the end of the previous year.

CORPORATE INFORMATION

Corporate structure

Meridian Oil NL is a No Liability company that is incorporated and domiciled in Australia. The company has prepared a consolidated financial report incorporating Meridian Resources, Inc the wholly owned entity that it controlled during the financial year.

Nature of operations and principal activities

The principal activities of the entities during the financial year were the continuation of legal proceedings against certain former directors in regard to possible breaches of the Companies Code. This is subject to the economic entity continuing as a going concern and continuing to receive financial support from major shareholders.

MERIDIAN OIL NL AND ITS CONTROLLED ENTITIES

DIRECTORS REPORT – continued

Operating Results for the Year

The consolidated entity experienced a loss of \$36,565 for the financial year.

Summarised operating results are as follows:

	Year ended 30 June 2005	
	Revenues	Results
	\$	\$
<i>Business segments</i>		
Administration	31	(30,499)
Petroleum products	-	(6,066)
<i>Geographic segments</i>		
Australia	31	(30,499)
USA	-	(6,066)
Consolidated entity sales and profit from ordinary activities before income tax expense	31	(36,565)

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events from the end of the financial year to the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the economic entity's operations known at the date of this report have been covered generally within this report and elsewhere in the annual report. It is proposed to pursue the legal proceedings referred to elsewhere in this report.

DIRECTORS' REMUNERATION

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the chief entity, controlled entity, or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest, other than fees paid for administration services, and reimbursement of expenses, to Mr I L Veale and an associated company

MERIDIAN OIL NL AND ITS CONTROLLED ENTITIES

DIRECTORS REPORT - continued

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings;

The company is continuing legal proceedings against certain former directors in relation to possible breaches of the Companies Code in the period from 1988 to 1990. During the financial year ended 31 December 1995 the company entered into an agreement to indemnify Mr Ian Leslie Veale, a former director, current director and company secretary, against any liability that might arise from these proceedings. Mr Veale was formerly a director from 1980 to 1985 and is not subject to these proceedings.

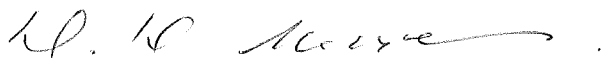
DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director were as follows:

Of the 3 Directors' meetings held during the year ended 30 June 2005, the details of directors' attendance were as follows:

Director	Number of meetings eligible to attend	Number of meetings attended
D Devenish-Meares	3	3
I L Veale	3	3
K D Kolinac	3	3

Signed in accordance with a resolution of the directors.



D Devenish-Meares

Director

Sydney

22 October 2008

MERIDIAN OIL NL AND ITS CONTROLLED ENTITIES

STATEMENT OF FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

		Consolidated		Meridian Oil NL	
	Note	Year ended 30 June 2005 \$	Year ended 30 June 2004 \$	Year ended 30 June 2005 \$	Year ended 30 June 2004 \$
Revenue from ordinary activities	3	31	63,023	31	55,165
Expenses from ordinary activities	3	(36,596)	(109,219)	(30,530)	(109,219)
Loss from ordinary activities before income tax	5	(36,565)	(46,196)	(30,499)	(54,054)
Income tax expense relating to ordinary activities	4	-	-	-	-
Loss from ordinary activities after income tax		<u>(36,565)</u>	<u>(46,196)</u>	<u>(30,499)</u>	<u>(54,054)</u>

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

Current Assets					
Cash assets		9,698	18,265	3,259	5,760
Trade and other receivables	6	724	1,391	724	1,391
Total Current Assets		<u>10,422</u>	<u>19,656</u>	<u>3,983</u>	<u>7,151</u>
Non-current Assets					
Other financial assets	7	108,680	108,680	108,680	108,680
Total Non-current assets		<u>108,680</u>	<u>108,680</u>	<u>108,680</u>	<u>108,680</u>
Total Assets		<u>119,102</u>	<u>128,336</u>	<u>112,643</u>	<u>115,831</u>
Current Liabilities					
Trade and other payables	9	(6,019,456)	(5,992,124)	(6,044,340)	(6,017,009)
Total Current Liabilities		<u>(6,019,456)</u>	<u>(5,992,124)</u>	<u>(6,044,340)</u>	<u>(6,017,009)</u>
Total Liabilities		<u>(6,019,456)</u>	<u>(5,992,124)</u>	<u>(6,044,340)</u>	<u>(6,017,009)</u>
Net Liabilities		<u>(5,900,353)</u>	<u>(5,863,788)</u>	<u>(5,931,677)</u>	<u>(5,901,178)</u>
Shareholder's Deficiency					
Contributed Equity	10	27,906,461	27,906,461	27,906,461	27,906,461
Reserves	11	133,598	133,598	133,598	133,598
Accumulated losses	2	(33,940,412)	(33,903,847)	(33,971,736)	(33,941,237)
Total Shareholder's Deficiency		<u>(5,900,353)</u>	<u>(5,863,788)</u>	<u>(5,931,677)</u>	<u>(5,901,178)</u>

The statements of financial performance and financial position are to be read in conjunction with the notes to the financial statements.

MERIDIAN OIL NL AND ITS CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

		Consolidated		Meridian Oil NL	
	Note	Year ended 30 June 2005 \$	Year ended 30 June 2004 \$	Year ended 30 June 2005 \$	Year ended 30 June 2004 \$
<i>Cash flows from operating activities</i>					
Interest received		31	1,355	31	1,355
Receipts from customers		-	7,858	-	-
Payments to suppliers		(18,929)	(93,584)	(12,863)	(93,584)
Net cash flows used in operating activities	17	(18,898)	(84,371)	(12,832)	(92,229)
<i>Cash flows from investing activities</i>					
Sale of shares		-	162,491	-	162,491
Net cash flow from investing activities		-	162,491	-	162,491
<i>Cash flows from financing activities</i>					
Proceeds/ (repayments) of borrowings		10,331	(85,000)	10,331	(85,000)
Net cash flow from/ (used in) financing activities		10,331	(85,000)	10,331	(85,000)
Net increase/(decrease) in cash held		(8,567)	(6,880)	(2,501)	(14,738)
Add opening cash brought forward		18,265	25,145	5,760	20,498
Closing cash carried forward		9,698	18,265	3,259	5,760

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

MERIDIAN OIL NL AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the financial year ended 30 June 2005

NOTE 1 STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared as general purpose financial report which complies with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards, and other mandatory professional reporting requirements.

(a) Basis of accounting

The financial statements are drawn up on the basis of the historical cost convention.

(b) Principles of Consolidation

The consolidated financial statements of the economic entity reflect the assets, liabilities and loss of the company and its subsidiary. All transactions between entities have been eliminated.

(c) Foreign currency translation

The group calculates foreign exchange gains and losses in accordance with the provisions of relevant Australian Accounting Standards.

(d) Taxation

The company has adopted the liability method of tax-effect accounting. Income tax expense shown in the profit and loss account is calculated on the operating profit before tax adjusted for items which, due to treatment under income tax legislation create permanent differences between accounting profit and taxable income.

Deferred income tax liability and future income tax benefits represent the expected future tax effect of timing differences which occur when items of revenue or expenditure are included in the determination of accounting profit in periods different to the periods in which those items are assessable or allowable for income tax purposes.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. In respect of companies incurring losses, future income tax benefits are not brought to account unless in the opinion of the directors realisation of the benefits is virtually certain.

(e) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in bank, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

(f) Trade and other receivables

Trade and other receivables are recognised at fair value.

(g) Investments and other financial assets

Investment in both listed corporations and the subsidiary are recognised at cost less provision for impairment in value.

(h) Trade and other payables

Trade and other payables are carried at cost and are unsecured. They represent liabilities for goods and services provided prior to the end of the financial year that are unpaid.

MERIDIAN OIL NL AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the financial year ended 30 June 2005 (con't)

NOTE 1 STATEMENT OF ACCOUNTING POLICIES (con't)

(i) Going concern

Meridian Oil NL is currently financially dependent on its major shareholder, James Boyd Berry, to meet ongoing financial requirements. This shareholder has committed to continue providing financial support and not require repayment of its current loan account until Meridian Oil NL is in a position to meet all its financial obligations. The accounts have been prepared on the going concern basis on the assumption of the continued financial support of this shareholder. The accounts do not include any adjustments relating to the recoverability and classification of liabilities that might be necessary should the entity not continue as a going concern.

NOTE 2 RETAINED PROFITS

	Consolidated		Meridian Oil NL	
	Year ended 30 June 2005	Year ended 30 June 2004	Year ended 30 June 2005	Year ended 30 June 2004
	\$	\$	\$	\$
Accumulated losses at start of the financial year	(33,903,847)	(33,857,651)	(33,941,237)	(33,887,183)
Loss for the financial year	(36,565)	(46,196)	(30,499)	(54,054)
Accumulated Losses at end of the financial year	<u>(33,940,412)</u>	<u>(33,903,847)</u>	<u>(33,971,736)</u>	<u>(33,941,237)</u>

NOTE 3 PROFIT AND LOSS ITEMS

Revenues from operating activities				
Revenue from sale of goods	-	7,858	-	-
Total revenues from operating activities	<u>-</u>	<u>7,858</u>	<u>-</u>	<u>-</u>
Revenues from non-operating activities				
Interest	31	1,355	31	1,355
Sale of shares	-	53,810	-	53,810
Total revenues from non-operating activities	<u>31</u>	<u>55,165</u>	<u>31</u>	<u>55,165</u>
Total revenues	<u>31</u>	<u>63,023</u>	<u>31</u>	<u>55,165</u>
Expenses				
Auditors Remuneration – auditing accounts	2,500	2,500	2,500	2,500
Legal Fees	-	53,636	-	53,636
Consulting fees	25,112	36,251	25,112	36,251
Other expenses	<u>8,984</u>	<u>16,832</u>	<u>2,918</u>	<u>16,832</u>
Total expenses	<u>36,596</u>	<u>109,219</u>	<u>30,530</u>	<u>109,219</u>

MERIDIAN OIL NL AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the financial year ended 30 June 2005 (con't)

NOTE 4 INCOME TAX

No provision for income tax is necessary as the company has tax losses available from prior years.

The company has future income tax benefits resulting from tax losses in respect of previous years. These have not been brought to account as any benefit will only be obtained if:

1. the company derives future assessable income of a nature and of an amount sufficient to enable the benefit of the deductions for the losses to be realised;
2. the company continues to comply with conditions for the deductibility imposed by the law; and
3. no changes in the tax legislation adversely affect the company and the group in realising the benefits of the losses.

The unrecognised future income tax benefits for company are estimated to be approximately \$2.8 million (2004: approximately \$2.8 million), comprising the items detailed below:

	Meridian Oil NL	
	Year ended 30 June 2005 \$	Year ended 30 June 2004 \$
Taxation losses	1,767,185	1,773,260
Section 122J(3) exploration and prospecting expenditure	66,672	66,672
Section 122J(4) exploration and prospecting expenditure	94,937	94,937
Section 122J(4B) exploration and prospecting expenditure	1,674	1,674
Section 124AH(4B) petroleum exploration and prospecting expenditure	839,608	839,608

NOTE 5 PROFIT/ (LOSS) CONTRIBUTIONS

	Year ended 30 June 2005 \$	Year ended 30 June 2004 \$
Meridian Oil NL	(30,499)	(54,054)
Meridian Resources Inc.	(6,066)	7,858
	<u>(36,565)</u>	<u>(46,196)</u>

NOTE 6 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated		Meridian Oil NL	
	2005 \$	2004 \$	2005 \$	2004 \$
Other receivables	<u>724</u>	<u>1,391</u>	<u>724</u>	<u>1,391</u>

NOTE 7 OTHER FINANCIAL ASSETS (NON-CURRENT)

Shares in listed corporations – at cost	<u>108,680</u>	<u>108,680</u>	<u>108,680</u>	<u>108,680</u>
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* The fair value of these shares was \$65,000 (2004: \$105,000)

MERIDIAN OIL NL AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the financial year ended 30 June 2005 (con't)

NOTE 8 NON-CURRENT ASSETS – INVESTMENTS

Shares in subsidiary:

	Place of Incorporation	Country of Operation	2005		2004	
			Equity interest		Equity interest	
			%	\$	%	\$
Meridian Resources Inc.*	State of Delaware USA	USA	100	88,842	100	88,842
Less provision for diminution in value				<u>88,842</u>		<u>88,842</u>
				<u>–</u>		<u>–</u>

* Meridian Resources Inc. is not audited by Ernst & Young

NOTE 9 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated		Meridian Oil NL	
	2005	2004	2005	2004
	\$	\$	\$	\$
Unsecured – Other payables	76,195	59,195	76,000	59,000
- Other loans - related parties *	<u>5,943,261</u>	<u>5,932,929</u>	<u>5,968,340</u>	<u>5,958,009</u>
	<u>6,019,456</u>	<u>5,992,124</u>	<u>6,044,340</u>	<u>6,017,009</u>

* These loans are non-interest bearing and are repayable on demand.

MERIDIAN OIL NL AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the financial year ended 30 June 2005 (con't)

NOTE 10 CONTRIBUTED EQUITY

	Consolidated		Meridian Oil NL	
	2005	2004	2005	2004
	\$	\$	\$	\$
(a) Issued and paid-up capital				
Ordinary shares fully paid	72,335,845	72,335,845	72,335,845	72,335,845
Ordinary shares paid to 40c	18,772,967	18,772,967	18,772,967	18,772,967
Ordinary shares paid to 42c	490,854	490,854	490,854	490,854
	<u>91,599,666</u>	<u>91,599,666</u>	<u>91,599,666</u>	<u>91,599,666</u>
Discount on shares	<u>(63,693,205)</u>	<u>(63,693,205)</u>	<u>(63,693,205)</u>	<u>(63,693,205)</u>
	<u>27,906,461</u>	<u>27,906,461</u>	<u>27,906,461</u>	<u>27,906,461</u>
(b) Movement in shares on issue				
	2005		2004	
	Number of shares	\$	Number of shares	\$
Ordinary shares fully paid	<u>144,671,690</u>	<u>72,335,845</u>	<u>144,671,690</u>	<u>72,335,845</u>
Ordinary shares paid to 40c				
Balance at beginning of period	<u>46,932,418</u>	<u>18,772,967</u>	<u>46,932,418</u>	<u>18,772,967</u>
Balance at end of the financial year	<u>46,932,418</u>	<u>18,772,967</u>	<u>46,932,418</u>	<u>18,772,967</u>
Ordinary shares paid to 42c				
Balance at beginning of the financial year	<u>1,168,700</u>	<u>490,854</u>	<u>1,168,700</u>	<u>490,854</u>
Balance at end of the financial year	<u>1,168,700</u>	<u>490,854</u>	<u>1,168,700</u>	<u>490,854</u>

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends and entitle their holders to one vote per share.

NOTE 11 RESERVES

Asset realisation	133,598	133,598	133,598	133,598
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Nature and purpose of reserve

The asset realisation reserve was created to record the gain on sale of capital assets in a prior period.

NOTE 12 COMMITMENTS

The company has no known commitments other than those disclosed in Note 9 to the financial statements.

NOTE 13 EVENTS SUBSEQUENT TO BALANCE DATE

The company is continuing with legal proceedings against certain former directors in regard to possible breaches of the Companies Act 2001.

MERIDIAN OIL NL AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the financial year ended 30 June 2005 (con't)

NOTE 14 RELATED PARTY TRANSACTIONS

	Meridian Oil NL	
	Year ended	Year ended
	30 June 2005	30 June 2004
	\$	\$
Directors and related entities		
Fees and reimbursement of expenses paid to Mr I L Veale and an associated company for administration services	10,647	17,409

NOTE 15 SEGMENTAL INFORMATION

Australia		
Profit/(loss) from ordinary activities after income tax	(30,499)	(54,054)
USA		
Profit/(loss) from ordinary activities after income tax	(6,066)	7,858

The group generally accounts for intersegmental sales and transfers as if the sales or transfers were to third parties at current market prices. Revenues are attributed to geographical areas based on the location of the assets producing the revenues.

Segment accounting policies are the same as the consolidated entities policies as described in Note 1. During the financial year there were no changes in segmental accounting policies that had a material effect on the segment information.

NOTE 16 AUDITORS' REMUNERATION

	Consolidated		Meridian Oil NL	
	Year ended	Year ended	Year ended	Year ended
	30 June 2005	30 June 2004	30 June 2005	30 June 2004
	\$	\$	\$	\$
Amounts received or due and receivable by Ernst & Young Australia for:				
- an audit or review of the financial report of the entity and any other entity in the consolidated entity	2,500	2,500	2,500	2,500
- other services	-	-	-	-
	2,500	2,500	2,500	2,500

MERIDIAN OIL NL AND ITS CONTROLLED ENTITIES

Notes to the financial statements for the financial year ended 30 June 2005 (con't)

NOTE 17 NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated		Meridian Oil NL	
	Year ended 30 June 2005	Year ended 30 June 2004	Year ended 30 June 2005	Year ended 30 June 2004
	\$	\$	\$	\$
Reconciliation of the net operating loss after tax to the net cash flow used in operations				
Net loss	(36,565)	(46,196)	(30,499)	(54,054)
Profit on sale of investments	-	(53,811)	-	(53,811)
Changes in assets and liabilities:				
Trade and other receivables	667	636	667	636
Trade and other payables	17,000	15,000	17,000	15,000
Net cash flow used in operating activities	<u>(18,898)</u>	<u>(84,371)</u>	<u>(12,832)</u>	<u>(92,229)</u>

NOTE 18 FINANCIAL INSTRUMENTS

(a) Interest rate risk

The entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities both recognised and unrecognised at the reporting date are as follows:

Financial instruments	Floating interest rate		Non interest bearing		Total carrying amount as per the statement of financial position	
	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
<i>(i) Financial Assets</i>						
Cash assets	9,698	18,265	-	-	9,698	18,265
Investments	-	-	108,680	108,680	108,680	108,680
Other receivables	-	-	724	1,391	724	1,391
Total financial assets	<u>9,698</u>	<u>18,265</u>	<u>109,404</u>	<u>98,142</u>	<u>119,102</u>	<u>128,336</u>
<i>(ii) Financial Liabilities</i>						
Other payables	-	-	76,195	59,195	76,195	59,195
Other loans	-	-	5,943,261	5,932,930	5,943,261	5,932,930
Total financial liabilities	<u>-</u>	<u>-</u>	<u>6,019,456</u>	<u>5,992,125</u>	<u>6,019,456</u>	<u>5,992,125</u>

(b) Fair Values

All financial assets and liabilities have been recognised at balance date at their approximate net fair values.

MERIDIAN OIL NL AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

In the opinion of the directors of Meridian Oil NL ("the Company"):

- (a) the financial statements and notes of the Company and of the Consolidated Entity are in accordance with the Corporations Law, including:
 - (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2005 and of their performance for the year ended on that date, and
 - (ii) complying with Australian Accounting Standards and Corporations Regulations; and
- (b) the company is dependent on a major shareholder to provide funds to meet operating costs. The Company is unable to pay its debts as and when they fall due if continuing financial accommodation is not reached with the major shareholder in regard to monies owing to that shareholder.
- (c) .

Signed on behalf of the Directors:



D Devenish-Meares

Director

Sydney

22 October 2008

Independent audit report to members of Meridian Oil NL

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Meridian Oil NL (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit opinion

In our opinion, the financial report of Meridian Oil NL is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Meridian Oil NL and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'M. Elliott'.

Michael Elliott
Partner
Sydney

Date: 22 October 2008

Auditor's Independence Declaration to the Directors of Meridian Oil NL

In relation to our audit of the financial report of Meridian Oil NL for the financial year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Michael Elliott'.

Michael Elliott
Partner
Sydney

15 October 2008.