

Quarterly Activities Summary for Period Ended 30 September 2016

Highlights

Cuba

- Completed initial prospective resource assessment for Lower Sheet Play, one of three identified plays in Block 9 PSC
- Results to date confirm very significant potential of the block with analysis continuing
- Lower Sheet Play assessed to contain exploration potential for 8.183 billion barrels of Oil-in-Place with a Prospective (Recoverable) Resource of 395 million barrels (Best Estimate, 100% basis)*
- Potential for early drilling based on current data
- Cuba representative appointed and Havana office opened

New Zealand – PEP51153

- Joint venture assessing the merit of drilling the Pukatea-1 well in Q4 2017

Australia - AC/P50 & AC/P51

- MEO signed agreement to be free carried through seismic reprocessing and studies work programs

Australia - WA-454-P

- MEO assigned its 50% interest to Origin, avoiding substantial expenditures in 2016-17

Tassie Shoal Projects

- LNG Project environmental approval extended until 2052, now aligned with Methanol Project
- LNG Project limit of 3% CO₂ feed gas is removed, able to receive gas of varying qualities

Corporate

- MEO raised \$1.69 million via an oversubscribed share placement and \$0.54 million via a share purchase plan

Melbourne, Australia (**27 October 2016**)

MEO Australia Limited (ASX: **MEO**) ("**MEO**" or "**Company**") provides the following summary in relation to its activities during the quarter ended 30 September 2016.

Activity Summary

Cuba

MEO continued its evaluation of existing exploration data and reprocessing of selected 2D seismic data covering the Company's onshore Block 9 PSC in Cuba ("**Block 9**"). During the quarter, MEO announced that the first of three identified oil plays on Block 9 ("**Lower Sheet Play**") has been assessed by MEO to contain exploration potential for 8.183 billion barrels of Oil-in-Place with a Prospective (Recoverable) Resource of 395 million barrels (Best Estimate, 100% basis)* of potentially high quality light oil. Further work on the additional two shallower oil plays, which also have significant oil potential, is continuing and will be reported before the end of Q4 2016.

*Refer to Cautionary Statement in this report (Page 4) relating to estimates of prospective resources

Based on existing data, MEO considers that some of the leads in the Lower Sheet Play, particularly those with nearby or shallow oil recoveries from old wells, may be matured into early drilling opportunities with the potential to drill commencing in Q1 2018. This was a key focus of the Company during the quarter and will continue to be in the coming months.

During the quarter, the Company appointed Dr Rafael Tenreyro as the Company's Cuba representative and opened its Cuba representative office in Havana.

WA-488-P

During the quarter, MEO completed the 2D seismic reprocessing and inversion studies over the Beehive prospect and technical material was prepared to support the formal farmout process which was initiated during the period.

AC/P50 & AC/P51

During the quarter, MEO executed an agreement providing for MEO to be free carried through the remaining primary statutory work program for each permit consisting of seismic reprocessing and other technical activities. Under the agreement Rouge Rock Pty Ltd ("Rouge Rock") was granted an option to acquire a 45% interest in AC/P50 and AC/P51 Exploration Permits in exchange for undertaking and funding the remaining primary statutory work program for each permit. The primary statutory work program for each permit must be completed by 18 May 2018. Rouge Rock is providing regular status reports to MEO and work is proceeding in accordance with the agreed timeline.

New Zealand – PEP51153

During the quarter, Operatorship of PEP51153 was seamlessly transferred to TAG Oil Ltd ("**TAG**") and the joint venture held its first committee meeting with the TAG as Operator. The joint venture is aligned in its assessment of the potential of the Pukatea (formerly Shannon) prospect and is currently assessing the merit of drilling the Pukatea-1 well in Q4 2017.

Corporate

During the quarter, MEO raised \$1.69 million via an oversubscribed share placement, \$0.54 million via a share purchase plan and relocated its Melbourne head office to lower cost accommodation.

Cash balance at end of quarter

Consolidated cash balance at 30 September 2016 was \$5.4 million.

Priorities for the current half ending 31 December 2016

- Progress technical assessment of oil exploration potential in Block 9, onshore Cuba.
- Progress early drilling opportunities in Block 9.
- Progress WA-488-P Farmout.
- Progress discussions with potential gas suppliers to the Tassie Shoal Projects as opportunities arise.
- Decision on drilling an exploration well in PEP51153



Peter Stickland
Managing Director and Chief Executive Officer

Attachments: Activity Summaries by Project Area

Cuba

The exploration period of Block 9 is split into four sub-periods with withdrawal options at the end of each sub-period. As an early mover into Cuba, MEO is now one of the few western companies (and the only ASX listed company) with a footprint in the expanding Cuban hydrocarbon sector. The geology of the block has analogies to petroleum systems in which MEO’s technical personnel have significant experience, and MEO sees substantial potential in Cuba overall and Block 9 in particular. MEO is working closely with the Cuban national oil company, CUPET, to explore and develop Cuba’s oil and gas resources.

During the quarter, MEO announced the first of three identified oil plays on Block 9 has been assessed by MEO to contain exploration potential for 8.183 billion barrels of Oil-in-Place with a Prospective (Recoverable) Resource of 395 million barrels (Best Estimate, 100% basis)* of potentially high quality light oil (unrisked Best Estimate, 100% basis).* The conventional “Lower Sheet Play” with 15 individual leads is one of three identified oil plays in Block 9.

An assessment of the other two shallower oil play types is ongoing and is expected to add significantly to the potential Oil-in-Place and Resource base of Block 9.

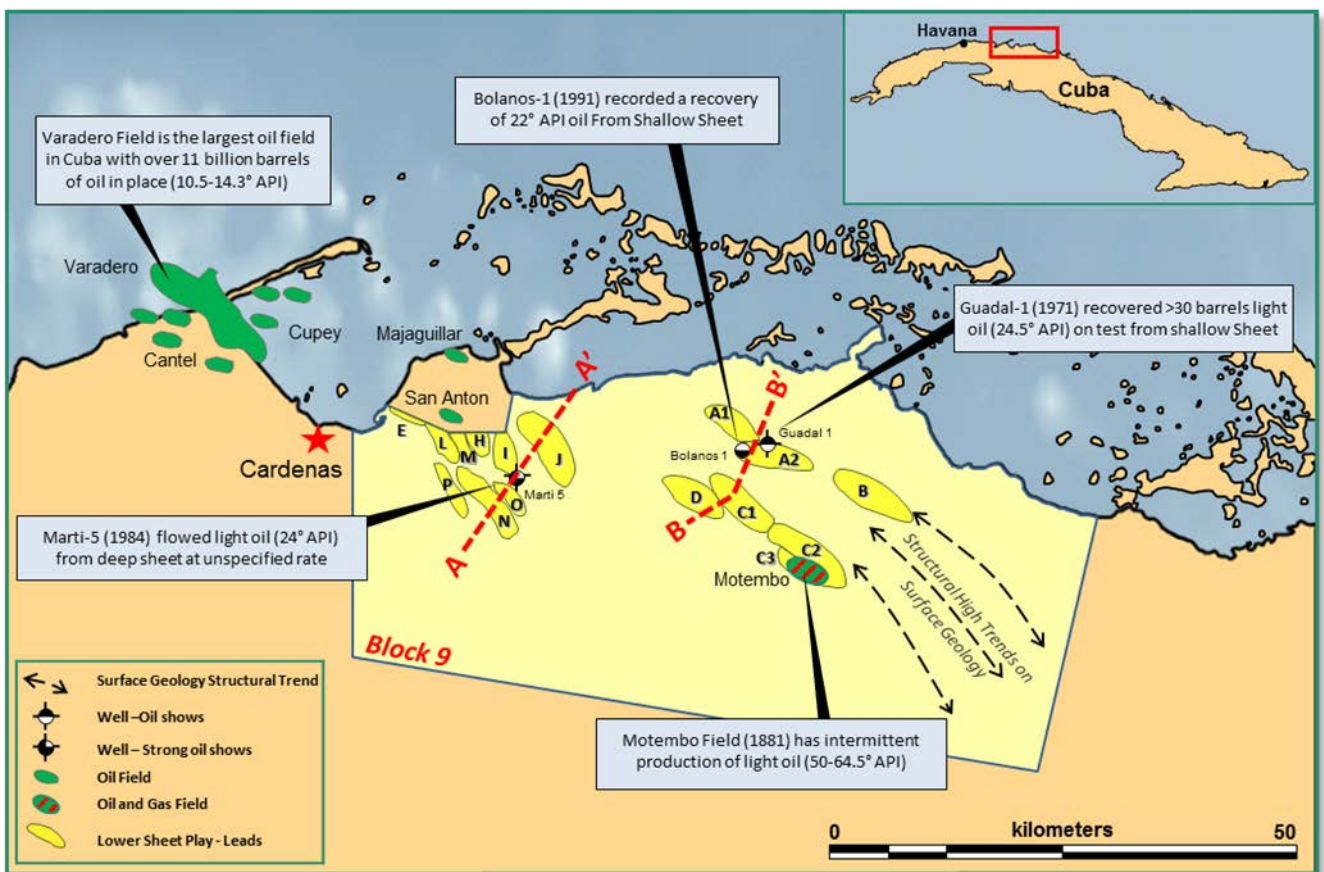


Figure 1. Block 9 location map showing adjacent fields.

*Refer to Cautionary Statement in this report (Page 4) relating to estimates of prospective resources

Lead Name	Chance of Discovery	Low	Best	High	mean
	%	MMstb	MMstb	MMstb	MMstb
A1	20	7	48	159	70
A2	25	7	64	222	96
B	16	9	85	290	125
C1	17	8	45	134	61
C2	18	8	54	162	74
C3	12	1	2	7	3
D	22	2	16	54	24
H	31	1	6	20	9
I	29	1	10	35	15
J	29	3	24	92	38
L	18	2	11	36	16
N	14	3	23	77	34
O	19	1	5	14	6
P	14	1	3	9	4
Total (unrisked 100%)		53	395	1311	576
MEO Net Entitlement Interest		36	267	885	389

Block 9 Prospective Resources Summary for Lower Sheet Play

***Prospective Resources Cautionary Statement:** The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Future exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Next Steps

MEO is continuing to investigate the potential to accelerate drilling in Block 9 to test the potential of the Lower Sheet Play. Based on existing data, MEO sees potential to drill an initial well in Q1 2018. In addition, MEO is continuing to investigate the merits of additional seismic data acquisition in Block 9 to better define some of the identified geological features in the Lower Sheet Play as well as extending seismic data coverage to further assess the potential of the block.

MEO will also continue its assessment of the other play types within Block 9, being the Upper Sheet Play and shallow Tertiary play.

Indicative Activity Schedule

PSC MEO Interest Operator	Block 9 100%* MEO	2016				2017				2018			
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr
		J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D
Exploration Sub-Period		1				2							
Work program		Studies & Seismic Reprocessing				2D seismic acquisition							
Activities (indicative)													
Data Gathering & Reprocessing		■											
Resource assessment (lower sheet)		■											
Resource assessment (other plays)						■							
Mature drilling program						■							
Potential seismic acquisition										■			
Potential drilling (timing uncertain)										■			

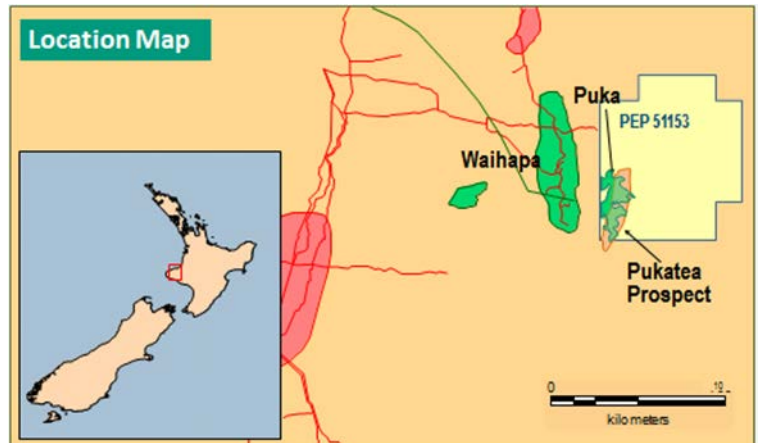
* Subject to a conditional 40% option to be exercised no later than September 2017 held by Petro Australis Limited

New Zealand: Taranaki Basin

PEP51153 (MEO 30%, TAG 70% & Operator)

MEO holds a 30%, non-Operator interest in PEP51153, located in the productive onshore Taranaki Basin of New Zealand. PEP51153 contains:

- the Puka oil accumulation, which has previously produced from two wells under extended production test, but is currently shut-in; and
- a number of exploration opportunities, such as the Pukatea (formerly Shannon) Prospect. This prospect is at the deeper Tikorangi objective updip of Douglas-1 (which encountered oil shows at this level). The Pukatea Prospect is a potentially high impact wildcat opportunity analogous to the nearby Waihapa oil field with potentially very robust economics as initial production can be routed through the existing Puka production pad.



The minimum work program for PEP51153 is as follows:

Period	Work Commitment
No later than 23 March 2017	Acquire, process and interpret a minimum of 28.5km of gravity data across the permit
No later than 23 February 2018	Drill one well to a location and depth agreed between the permit holder and the Chief Executive; OR Surrender the permit

PEP51153 expires on 23 September 2018.

During the quarter, Operatorship of PEP51153 was seamlessly transferred to TAG Oil Ltd (“TAG”). The joint venture held its first committee meeting with the TAG as Operator. During the next permit year, the joint venture will focus on the collection of gravity data, seismic interpretation and a detailed assessment of the economics of the Pukatea Prospect. The joint venture is aligned in its assessment of the potential of the Pukatea (formerly Shannon) prospect and will consider during Q4 2016 the potential drilling of the Pukatea-1 well during Q4 2017.

Indicative Activity Schedule

Permit	PEP 51153	2016												2017											
		Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr			Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr		
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Permit Year		8						9						10											
Work program		Gravity Survey						1 well																	
Activities (indicative)																									
Acquire gravity survey								■																	
Drill Well Pukatea-1 or other)																				■					

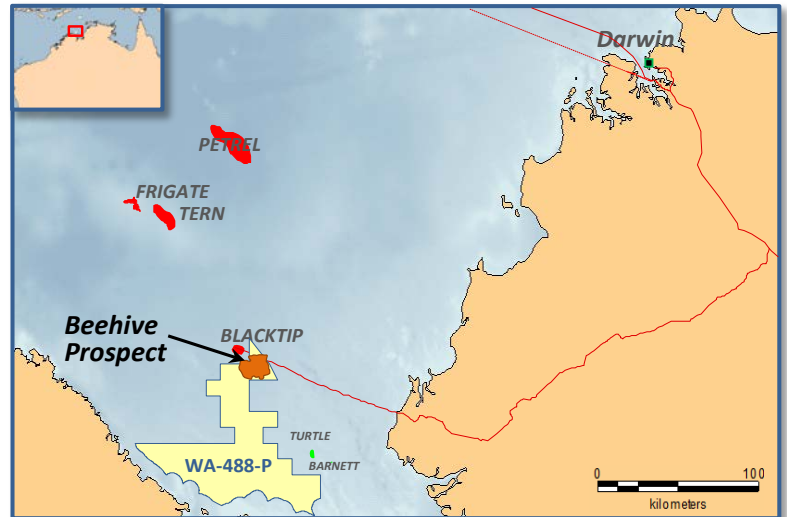
Bonaparte Gulf: Petrel sub-Basin

WA-488-P (MEO 100%)

WA-488-P is located in the southern Bonaparte Gulf and covers an area of 4,105 km². The permit was awarded to MEO in May 2012 as part of the acreage Gazettal Round.

Leveraging the 2011 Ungani-1 oil discovery in Carboniferous aged reservoirs in the nearby Canning Basin, MEO has identified the giant Beehive prospect, a new play type within the Bonaparte basin.

During the quarter, MEO completed 2D seismic reprocessing and inversion studies to enhance the prospectivity of the Beehive prospect and results from the seismic reprocessing are showing a significant enhancement to data quality. During the quarter, a formal farm out process was commenced. The potential drilling of Beehive is subject to a successful farm-out.



Indicative Activity Schedule

Permit	WA-488-P	2016												2017											
		Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr			Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr		
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Operator	MEO	2												3											
Work program		Seismic Repro & Inversion												1 Well ^x											
Activities																									
Reprocess 2D seismic & Inversion		Inversion																							
Partial sale process																									

x – if farmed down then potential drilling in 207-18

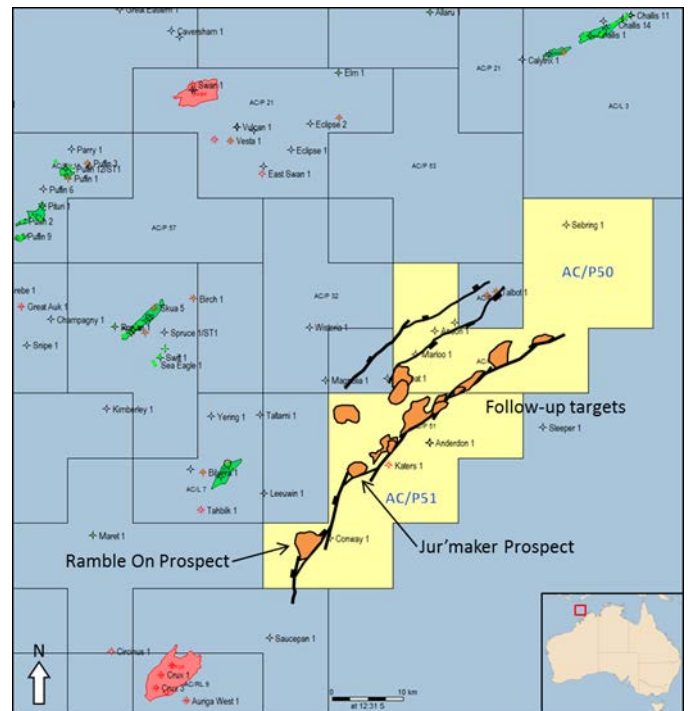
Ashmore Cartier Region, Timor Sea: Vulcan Sub-Basin

AC/P50, AC/P51 (MEO 100%*)

AC/P51 contains the Ramble On prospect, a new play type that has proven analogues in other Basins. This prospect is on trend with the recently reported West-1 (Auriga) discovery near Crux gas/condensate field, resulting in renewed industry interest in the region.

During the quarter, MEO announced that it had executed an agreement with Rouge Rock which granted Rouge Rock an option to acquire a 45% interest in the AC/P50 and AC/P51 Exploration Permits (“Permits”). In exchange for the grant of the option, Rouge Rock will undertake and fund the remaining primary statutory work program for each permit consisting of seismic reprocessing and other technical activities (“Reprocessing Work”).

The Reprocessing Work must be completed in stages no later than as required by timing stated in the primary statutory work program which currently ends on 18th May 2018 for both Permits. Subject to completing the Reprocessing Work, Rouge Rock may exercise its option by providing notice to MEO prior to 18th May, 2018, at which point it will acquire a 45% interest in the Permits. Rouge Rock is providing MEO with regular updates and work is proceeding consistent with the required timeline. Both permits are also subject to an option to acquire a 5% interest in each permit currently held by Far Cape Energy Pte Ltd (“Far Cape”). Far Cape is the successor to Red Rock Pte Ltd which was granted this option in 2010 at the time MEO acquired AC/P50 and AC/P51. Under this option agreement, MEO will carry Far Cape’s participating interest in the first well should MEO elect to drill a well in either of the permits.



Indicative Activity Schedule

Permit	AC/P50	2016				2017							
		MEO PI				MEO PI							
		100%*				100%*							
Operator	MEO	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr				
		J F M A	M J J A S	O N D	J F M A	M J J A S	O N D	J F M A	M J J A S				
Permit Year		1				2				3			
Work program		Studies				Reprocessing				Studies			
Activities													
Seismic Interpretation		[Blue bar]											
Partial sale process						[Yellow bar]							
Reprocessing						[Yellow bar]							
Partial sale process										[Blue bar]			

Permit	AC/P51	2016				2017							
		MEO PI				MEO PI							
		100%*				100%*							
Operator	MEO	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr				
		J F M A	M J J A S	O N D	J F M A	M J J A S	O N D	J F M A	M J J A S				
Permit Year		1				2				3			
Work program		Studies				Reprocessing				Studies			
Activities													
Seismic Interpretation		[Blue bar]											
Partial sale process						[Yellow bar]							
Reprocessing						[Yellow bar]							
Partial sale process										[Blue bar]			

*Subject to option granted for 50% (in total) participating interest for both permits

Tassie Shoal Gas Processing Projects

(MEO 100%)

During the quarter, the environmental approvals for the Tassie Shoal Projects were updated. The LNG Project environmental approval was extended until 2052, aligning it with the Methanol Project. In addition, the previous LNG Project limit of 3% CO₂ feed gas is removed, enabling the Tassie Shoal Projects to receive gas of varying qualities and process it into LNG.

Industry is expected to seek opportunities to collaborate to secure lowest cost and efficient resource development in Australia, especially as titleholders with stranded discoveries are under resource tenure pressure. The unique concept of the Tassie Shoal Projects represents an opportunity for collaboration with MEO to develop a commercialization path for the significant, discovered but undeveloped resources in the region, for the benefit of all stakeholders.

