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ASX & Media Release

Puka-3 Progress Report No. 3

Key Points:

- Reached total depth of 2200mMDRT*
- Encountered thicker than expected reservoir section
- An oil water contact was interpreted in the target interval, much shallower than expected
- At 06:00 hrs New Zealand time on 19th August Puka-3 was being plugged and abandoned

MELBOURNE, AUSTRALIA (19th August, 2014)

MEO Australia Limited (ASX: **MEO**), on behalf of its wholly owned subsidiary MEO New Zealand Pty Limited, advises that Kea Petroleum Limited (KEA), Operator of PEP 51153, has reported that Puka-3 is being plugged and abandoned after reaching a total depth of 2,200mMDRT. Based on evaluation of wireline logs, Puka-3 encountered a thicker than expected target Mount Messenger reservoir section, however the interval is predominantly water bearing with a probable oil-water-contact (OWC) interpreted in the upper part of this interval, significantly shallower than prognosed. The drilling rig is expected to be released later today. Kea's AIM release is attached.

Puka-3 was drilled as a deviated well with a bottom hole location approximately 1,475m to the North of the surface location and approximately 500m from the producing Puka-2. The well intersected approximately 30mMD (18m true vertical thickness) of gross reservoir section. Elevated mud gas readings were observed while drilling. Three suites of wireline logs were run including borehole image logs and formation pressure testing. Fluid sampling was not attempted. A probable OWC was interpreted towards the top of the target interval. Reservoir quality of the section above the interpreted OWC was lower quality relative to Puka-2 and was not considered sufficient to warrant completing the well as a producer.

Having completed the drilling of Puka-3, MEO is now entitled to a 30% share of oil production from Puka-1 and 2.

MEO's CEO and MD Jürgen Hendrich commented on the announcement:

"The Puka-3 well was designed to determine whether a thicker reservoir section could reliably be identified on 3D seismic and to evaluate the position of the OWC which was inferred from log evaluation of the Douglas-1 well several km's away. While we were successful in locating a thicker reservoir section, the shallower than expected oil-water-contact has made the Puka-3 location uncommercial. MEO has 6 months from completion of Phase 1 activities in which to determine whether to exercise its option in relation to a Phase II program, remain at 30% or withdraw from the permit. We will fully integrate the well results prior to making any decision."

Jürgen Hendrich
Managing Director & Chief Executive Officer

Attachment: Kea Petroleum plc AIM & Media release
* mMDRT = metres Measured Depth Below Rotary Table

Kea Petroleum plc
("Kea" or "the Company")

Puka-3 Plug and Abandon

Kea Petroleum plc (AIM: KEA), the oil and gas company focused on New Zealand, announces that Puka-3 well is being plugged and abandoned after reaching a depth of 2,200mMDRT.

The wireline logging encountered a thicker than expected Mount Messenger reservoir section of 30mMD, however the sands were predominantly water wet. An oil water contact was interpreted in the upper part of the sands, significantly shallower than prognosed. The quality of the sands above the contact was deemed not to be commercial and the well will not be completed as a producer.

Puka-3 was a component of Phase I of the farm-in between Kea and MEO Australia Limited, and was drilled as a deviated well approximately 1,475m to the North of the surface location and approximately 500m from the producing Puka-2 well. Elevated mud gas readings were observed while drilling. Three suites of wireline logs were run including borehole image logs and formation pressure testing. Fluid sampling was not attempted due to the deviated nature of the well.

Under the farm-in agreement MEO is entitled to 30% of Puka production following the completion of Puka-3, and has up to 6 months in which to evaluate the data before making a decision on Phase II of the farm-in agreement.

An updated reservoir assessment will be made following further evaluation and interpretation of all information gained from the drilling and logging programs.

Ian Gowrie-Smith, Chairman of Kea, commented:

"We are disappointed with the result of the Puka-3 well, however the data we have recovered will be used to plan development of the Puka field and allow us to devise a suitable program moving forward."

This release has been approved by non-executive director Peter Mikkelsen FGS, AAPG, who has consented to the inclusion of the technical information in this release in the form and context in which it appears.

mMDRT = metres Measured Depth Below Rotary Table
mMD = metres Measured Depth

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Notes to Editors:

Kea Petroleum is an AIM listed oil and gas exploration company with interests in three petroleum exploration permits in the Taranaki Basin of New Zealand. Kea listed on the London AIM market in February 2010.