



MOSMAN OIL AND GAS
LIMITED

13 May 2015

Market Announcements Office
ASX Limited
Level 4
North Tower, Rialto
525 Collins Street
MELBOURNE VIC 3000

FOR IMMEDIATE RELEASE

Dear Sir / Madam

**Mosman Oil and Gas Limited's Off-Market Takeover Bid for MEO Australia Limited
First Supplementary Bidder's Statement**

In accordance with section 657(3)(b) of the *Corporations Act 2001* (Cth), we enclose a copy of the first supplementary bidder's statement dated 13 May 2015 (**First Supplementary Bidder's Statement**) given by Mosman Oil and Gas Limited in relation to its off-market takeover bid for all of the fully paid ordinary shares in the capital of MEO Australia Limited (**MEO**).

The First Supplementary Bidder's Statement supplements the replacement bidder's statement dated 10 February 2015.

The First Supplementary Bidder's Statement has today been lodged with the Australia Securities and Investments Commission and sent to MEO.

Yours sincerely

Mosman Oil and Gas Limited

A handwritten signature in blue ink, appearing to read 'Zane Lewis', written over a horizontal line.

Zane Lewis
Company Secretary

Enclosure



MOSMAN OIL AND GAS
LIMITED

First Supplementary Bidder's Statement

ACCEPT

**Mosman's improved Offer to acquire ALL of your ordinary
shares in**

**MEO AUSTRALIA LIMITED
ACN 066 447 952**

**Revised consideration offered is 1 Mosman Share
for every 5 MEO Shares you own**

The Offer will close at 5:00pm (WST) on 12 June 2015, unless further extended or withdrawn.

This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with this document, you should consult your legal, financial or other professional adviser immediately.

The Acceptance and Transfer Form was enclosed with the Bidder's Statement. If you have misplaced your Acceptance and Transfer Form or otherwise require additional copies, please contact the MEO Shareholder Information Line on 1300 889 468 (for callers within Australia) or + 61 2 8022 7902 (for callers outside Australia) between 9:00am and 5:00pm (AEST).

Letter from Mosman Chairman

Dear MEO Shareholders

I am writing to introduce the improved offer from Mosman Oil and Gas Limited (**Mosman**) to acquire all of your fully paid ordinary shares in MEO Australia Limited (**MEO**).

Mosman has listened to comments from MEO directors and certain shareholders, and has acted accordingly by:

- **increasing the Offer Consideration to 1 Mosman Share for every 5 MEO Shares.** The improved Offer terms value your MEO Shares at A\$0.0205 per share, based on the closing price of Mosman Shares of £0.0525 on 30 April 2015 (being the last trading day for Mosman Shares on AIM prior to the date of the increase in the Offer Consideration) and an exchange rate of £1=A\$1.95. This implied value represents a **premium of 36.6%** to the closing price of MEO Shares on ASX on 30 April 2015;
- **extending the Offer Period to 5:00pm (WST) on Friday, 12 June 2015;** and
- **simplifying the Offer by freeing it from all defeating Conditions** (including the 90% minimum acceptance condition).

In addition, Mosman has again:

- demonstrated its ability to raise additional funds by the recently completed placement of 10 million Mosman Shares at a price of 5 pence per share; and
- demonstrated its ability to identify assets with the release of the Prospective Resources for the newly acquired Murchison Permit.

MEO Shareholders should have received MEO's Target Statement and various supplementary target statements. We consider that the improved Offer, the removal of Conditions and the recently completed placement addresses many of the matters identified by the MEO Board as reasons for recommending that you reject Mosman's Offer.

We also note the emphasis by the MEO Board, who state that MEO Shareholders who accept Mosman's Offer will not be able to accept an alternative offer, should any emerge. **However neither MEO nor any third party has made any announcement with respect to a competing takeover proposal for MEO or an alternative comparable arrangement.**

The improved Offer provides MEO Shareholders the opportunity to exchange their MEO Shares for shares in a growing oil and gas company with:

- an experienced management team;
- a strong and responsible fiscal discipline;
- a demonstrated ability to raise capital; and
- an active exploration program.

Mosman has clearly explained its plans and current intentions regarding MEO. They remain unchanged and are detailed in Section 6 of the Bidder's Statement.

Acceptances have been received by over 466 MEO Shareholders to date. Based on Mosman's voting power of 2.162% (as at 12 May 2015, being the trading day before the date of this First Supplementary Bidder's Statement) and MEO's list of Top 20 Shareholders as at 30 April 2015, should Mosman obtain a voting power of 2.162% at the close of the Offer Period, Mosman will be the second largest MEO Shareholder.

If Mosman becomes a non-controlling MEO Shareholder, Mosman will seek to implement the intentions detailed in the Bidder's Statement to the extent that it is feasible. In particular, Mosman intends to assume an "activist shareholder" role and will:

- seek representation on the MEO Board and become actively involved in determining MEO's capital management policies and influencing the strategic direction of the business of MEO; and

- subject to obtaining representation on the MEO Board, procure that the MEO Board undertake a review of MEO's oil and gas projects and corporate and administrative functions, and will seek, where possible, to:
 - maintain MEO's oil and gas project interests;
 - effect a further reduction in MEO's administrative overheads; and
 - procure the MEO Board to consider undertaking the buy-back of non-marketable parcels of MEO Shares and the listing of MEO Shares on an additional stock exchange to assist MEO to access further sources of funding.

Mosman considers that this policy will represent a positive outcome for all MEO Shareholders.


The Offer is open for your acceptance until 5:00pm (WST) on Friday, 12 June 2015, unless further extended or withdrawn. To accept the Offer, you should follow the instructions on the Acceptance and Transfer Form enclosed with the Bidder's Statement.

If you have any enquires about the Offer, please contact the MEO Shareholder Information Line on 1300 889 468 (for callers within Australia) or + 61 2 8022 7902 (for callers outside Australia) between 9:00am and 5:00pm (AEST) or contact your legal, financial or other professional adviser.

The directors of Mosman look forward to having MEO shareholders join Mosman following the successful completion of this transaction.

Yours sincerely

Mosman Oil and Gas Limited



John W. Barr
Executive Chairman

1. Introduction

1.1 About this document

This document is the first supplementary bidder's statement (**First Supplementary Bidder's Statement**) under section 643 of the *Corporations Act 2001* (Cth) issued by Mosman Oil and Gas Limited (**Mosman**) in relation to Mosman's off-market takeover offer to acquire all of the fully paid ordinary shares in MEO Australia Limited (**MEO**) contained in Mosman's Replacement Bidder's Statement dated 10 February 2015 (**Bidder's Statement**).

This First Supplementary Bidder's Statement supplements, and should be read together with, the Bidder's Statement.

1.2 Important notices

A copy of this First Supplementary Bidder's Statement was lodged with ASIC on 13 May 2015. Neither ASIC nor any of its officers take any responsibility for the contents of this First Supplementary Bidder's Statement.

This First Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the Bidder's Statement.

1.3 Definitions

Unless the context otherwise requires, terms defined in the Bidder's Statement have the same meaning in this First Supplementary Bidder's Statement.

1.4 Enquiries

If you have any enquires about the Offer, please contact the MEO Shareholder Information Line on 1300 889 468 (for callers within Australia) or + 61 2 8022 7902 (for callers outside Australia) between 9:00am and 5:00pm (AEST) or contact your legal, financial or other professional adviser.

2. Variations to terms of the Offer

2.1 Offer Consideration and Implied Value of the Offer

By way of a notice of variation dated 1 May 2015 (**Variation Notice**), Mosman increased the Offer Consideration by increasing the ratio of Mosman Shares offered. Under the improved Offer, MEO Shareholders will now receive one Mosman Share for every five MEO Shares.

The improved Offer values your MEO Shares at:

- (a) A\$0.0187 each, based on the 30 day VWAP for Mosman Shares up to and including 12 May 2015 of £0.0480 (being the 30 day period up to and including the last trading day for Mosman Shares on AIM prior to the date of this First Supplementary Bidder's Statement) and an exchange rate of £1=A\$1.95;
- (b) A\$0.0205 each, based on the closing price for Mosman Shares of £0.0525 on 30 April 2015 (being the last trading day for Mosman Shares on AIM prior to the date of the Variation Notice) and an exchange rate of £1=A\$1.95; and
- (c) A\$0.0195 each, based on the closing price for Mosman Shares of £0.0500 (being the last trading day for Mosman Shares on AIM prior to the date of this First Supplementary Bidder's Statement) and an exchange rate of £1=A\$1.95.

The implied value of the Offer will change as a consequence of changes in the AIM trading price of Mosman Shares from time to time. The following table may assist MEO Shareholders to determine the implied value of the Offer at different Mosman Share price levels. The table is not an indication of the price at which Mosman Shares may trade on AIM. Mosman Shares may trade within this range or at higher or lower levels.

Price of a Mosman Share	Price of a Mosman Share*	Implied Offer price for a MEO Share
£0.025	A\$0.04875	A\$0.00975
£0.05	A\$0.0975	A\$0.0195
£0.075	A\$0.14625	A\$0.02925
£0.10	A\$0.195	A\$0.039
£0.125	A\$0.2438	A\$0.04875

*Prices have been calculated using an exchange rate of £1=A\$1.95.

In accordance with section 650B(2) of the Corporations Act, MEO Shareholders who have already accepted the Offer will be entitled to receive the increased Offer Consideration.

2.2 Offer Period

The Offer was scheduled to close at 5:00pm (WST) on 8 May 2015, unless further extended or withdrawn. By way of the Variation Notice, Mosman further extended the Offer Period by a further 35 days.

The closing date for the Offer is now 5:00pm (WST) on 12 June 2015, unless further extended or withdrawn.

As the variation results in Mosman varying the Offer in a way that postpones for more than one month the time when the Company has to meet its obligations under the Offer, each person to whom the Company has made an Offer and who has accepted the Offer before the date of the Variation Notice, has the right to withdraw their acceptance within one month beginning on the day after the day on which the Variation Notice was received, in accordance with section 650E of the Corporations Act. Further details on the right to withdraw are detailed in the Variation Notice.

2.3 Reduced conditionality of the Offer

As at the date of this First Supplementary Bidder's Statement Mosman has freed the Offer from the all Conditions.

Based on discussions to date with AIM, Mosman's current financial position and the currently publically available financial information for MEO, Mosman understands that it will not have to obtain Mosman Shareholder approval and publish an AIM admission document if it will end up with approximately 63% or less of the MEO Shares the subject of the Offer. Having regard to the level of acceptances received and Mosman's voting power of 2.282% (as at the close of business on 5 May 2015, the day Mosman freed the Offer from the Mosman Shareholder approval Condition), Mosman has accordingly waived the Mosman Shareholder approval Condition.

As detailed in Section 10.13 of the Bidder's Statement, in the event that Mosman receives a significant number of acceptances during the remaining Offer Period so as to trigger the Mosman Shareholder requirement under Rule 14 of the AIM Rules, Mosman:

- (a) will vary the Offer by extending the Offer Period for a period to provide Mosman sufficient time to prepare and publish an AIM admission document and convene a general meeting of Mosman Shareholders to approve the acquisition; and
- (b) will send each MEO Shareholder a formal notice of extension of the Offer Period (as required by the Corporations Act).

2.4 Notice of status of Condition

The new date for giving a notice on the status of the remaining Condition is 5 June 2015 (subject to an extension in accordance with section 630(2) of the Corporations Act if the Offer Period is further extended).

3. Overview of Mosman's Activities and Permit Interests

3.1 Petroleum Creek Project (PEP 38526) Update

Section 2.4(c) of the Bidder's Statement included an overview of Mosman's exploration activities in relation to exploration permit PEP 38526.

Mosman has perforated the top of the Cobden Limestone zone, recompleted the Cross Roads-1 well and re-installed the "downhole pump". The "nodding donkey" was installed on 2 March 2015 for flow testing and flow testing started shortly thereafter.

Mosman is in the preliminary stages of the Cross Roads-1 well testing programme and pumping has been intentionally conducted at low levels. The fluids recovered so far have been both oil and water. Although predominantly water, the Mosman Directors believe this to be largely recovered drilling fluid as several hundred barrels of water based drilling fluid was "lost" into the Cross Roads-1 well during the initial testing programme.

The next phase of well testing commenced on 13 April 2015. It will be conducted at an increased pump rate and is intended to determine maximum reservoir flow and definitive reservoir fluid composition.

The flow test results will be incorporated into the geological model for exploration permit PEP 38526 and will assist Mosman in determining which reservoir zones to target in the drilling targets on the flanks of exploration permit PEP 38526.

Once the flow testing is completed, Mosman will conduct further exploration activities to satisfy its 2015 permit obligations.

3.2 2014 NZ Block Offer Permits (PEP 57067, PEP 57068 and PEP 57058)

Section 2.5(c) of the Bidder's Statement included an overview of Mosman's exploration activities in relation to the Murchison Permit and the Taramakau Permit.

(a) Murchison Permit

The Murchison Permit came in to effect on 1 April 2015 (along with two other permits awarded to Mosman, 100% of the Taramakau Permit and 100% of the Piripiri Permit).

Mosman has engaged SRK Consulting (Australasia) Pty Ltd (**SRK**) to independently review the data in relation to the Murchison Permit and to prepare a report on the potential resources. SRK has estimated additional deeper tight gas and oil Prospective Resources for the Murchison Permit as follows:

Murchison Tight Gas and Oil		P90	P50	MEAN	P10
Prospective Resources	Recoverable Gas (Bcf)	9,543	13,271	13,695	18,546
	Recoverable Oil (MMbbl)	148	159	164	196

Note: The estimated Prospective Resources are associated with tight gas. Tight gas formation is defined by SPE (2011) Guidelines to be "a reservoir that cannot be produced at economic flow rates nor recover economic volumes of natural gas unless the well is stimulated by a large hydraulic fracture treatment or produced by use of a horizontal wellbore or multilateral wellbores" (Holditch 2006). The hydrocarbon volumes estimated should not be considered as Contingent Resources. Further exploration and development work in the form of appraisal drilling, well testing and assessment of recovery factors will be required to be able to quantify net resources in relation to Mosman's licence areas and to confirm commerciality. The risks comprise mainly the stimulated rock volume accessible per well and the amount of wet condensate liquids producible from the gas. Risks on the tight gas volumes are low, however the economic production characteristics remain to be proven.

The SRK analysis is one of a series of steps in Mosman's evaluation of the Murchison Permit and its contents will be incorporated into the wider technical evaluation of the permit before any final drilling location decision is taken and well design is finalised. Further technical work is required to narrow the range in size of these Prospective Resource estimates. The next step is to further de-risk the resources by methodical exploration and eventually development planning.

Mosman has accelerated its drilling program and has a team working on geology, planning on all aspects of drilling and the approvals required to drill an exploration well which may be a test of both a conventional target and progressing the tight gas formation. Mosman will be seeking approvals from the landowners and relevant authorities once the location of the well is identified.

Subject to raising sufficient funding, work on the Murchison Permit and drilling is scheduled to commence in mid 2015.

(b) **Taramakau Permit**

Mosman continues to review the data for the Taramakau Permit and conduct technical work and still intends to acquire seismic data in 2015 for the purposes of defining drilling locations in the permit area.

Mosman has commenced discussions with a third party with regard to a potential farm in at the Taramakau Permit.

4. Capital Raising

4.1 Placement

On 2 April 2015, Mosman issued 10,000,000 Mosman Shares at £0.05 per share pursuant to a share placement to raise £500,000 (before associated costs) (approximately A\$975,000 based on the exchange rate of £1=A\$1.95) (**Placement**).

4.2 Information about Mosman Shares

The information provided in:

- (a) Sections 3.5 and 3.6 of the Bidder's Statement regarding the capital structure of Mosman; and
- (b) Section 5.6 of the Bidder's Statement regarding the shareholders of the Combined Entity following the acquisition by Mosman of all of the MEO Shares on issue pursuant to the Offer,

does not take into account the Mosman Shares that were issued under the Placement and the increased Offer Consideration.

The effect of the Placement and the improved Offer on the capital structure of Mosman as at the date of this First Supplementary Bidder's Statement is as follows:

Issued Capital	Mosman Shares	Mosman Options
On issue at the date of the Bidder's Statement	91,804,308 ¹	9,859,372 ³
Issued pursuant to the Placement	10,000,000	Nil
Total on issue at the date of this First Supplementary Bidder's Statement	101,804,308 ²	9,859,372
To be issued pursuant to the Offer	150,097,677	Nil
Total on issue at the completion of the Offer ⁴	251,901,985	9,859,372

Notes:

- (1) Refer to Note (1) in Section 3.5 of the Bidder's Statement.
- (2) 26,190,227 Mosman Shares (25.73%) are restricted from trading. Refer to Note (1) in Section 3.5 of the Bidder's Statement.
- (3) Comprising:
 - (a) 2,000,000 unlisted Mosman Options having an exercise price of A\$0.20 each and an expiry date of 30 March 2016;
 - (b) 3,800,000 unlisted Mosman Options having an exercise price of A\$0.58 each and an expiry date of 28 November 2017;
 - (c) 3,200,000 unlisted Mosman Options with an exercise price of A\$0.15 each and an expiry date of 13 January 2019; and
 - (d) 859,372 unlisted Mosman Options having an exercise price of £0.08 each and an expiry date of 20 March 2019.
- (4) Assuming 100% acceptance of the Offer and that no other MEO Shares are otherwise issued after the date of this Bidder's Statement.

The Mosman Shares issued under the Placement have had a minor effect on the percentage holdings of Mosman Shareholders.

As at the date of this First Supplementary Bidder's Statement, the percentage shareholding interests of the top four direct Mosman Shareholders will be as follows:

Mosman Shareholder	Number of Mosman Shares	% of Mosman Shares
Computershare Clearing Pty Ltd ¹	75,054,661	73.72
Kensington Consulting Pty Ltd ²	10,100,000	9.92
Mr Andrew Carroll ³	9,000,000	8.84
Rae Carroll Nominees Pty Ltd ⁴	1,750,000	1.72

Notes:

- (1) Held on behalf of UK Depositary Interest holders. Mr James Walker notified Mosman on 2 December 2014 that he holds 3,805,000 Mosman Shares, which represents 3.74% of Mosman Shares. Aorere Resources Limited notified Mosman on 5 May 2015 that it holds 8,738,700 Mosman Shares, which represents 8.67% of Mosman Shares.
- (2) Refer to Note (3) in Section 3.6 of the Bidder's Statement.
- (3) Refer to Note (4) in Section 3.6 of the Bidder's Statement.
- (4) A company associated with Mr Carroll. Refer to Note (4) in Section 3.6 of the Bidder's Statement.

As at the date of this First Supplementary Bidder's Statement, Mosman Directors and their controlled entities will hold 22,650,001 Mosman Shares, being approximately 22.25% of the total number of Mosman Shares on issue.

4.3 Combined Entity – Shareholders

The substantial holders of Mosman Shares will not change upon completion of the Offer (refer to Section 3.2 of this First Supplementary Bidder's Statement). Upon completion of the Offer, former MEO Shareholders will represent 59.59% of the shareholders of the Combined Entity. This percentage assumes 100% acceptance of the Offer and that no other MEO Shares are otherwise issued after the date of this First Supplementary Bidder's Statement. It also does not account for any dilutionary effect the issue of Mosman Shares to the directors of Trident (refer to Section 3.5 of the Bidder's Statement) may have on Mosman Shareholders or former MEO Shareholders.

5. Authority of Mosman Directors

This First Supplementary Bidder's Statement is dated 13 May 2015 and was approved pursuant to a unanimous resolution passed at a meeting of the Mosman Directors.

**Signed for and on behalf of
Mosman Oil and Gas Limited**



**John Young
Non-Executive Director**



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