



MEO Australia Limited

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Quarterly activities summary for Period ended 30th September 2015

Highlights

Strategic Review of Portfolio

- Comprehensive review of exploration portfolio completed
- Opportunities prioritised based on potential to deliver significant shareholder value
- Top priority opportunities identified as:
 - Cuba – Block 9
 - New Zealand– PEP51153
 - Australia – WA-488-P, WA-454-P
- Process to unlock significant value in Tassie Shoals Project to continue

Cuba

- Executed Production Sharing Contract for Block 9 onshore Cuba
- Positions MEO as an early mover into Cuba's highly prospective and expanding hydrocarbon sector

Corporate

- Appointment of two new experienced Non-Executive Directors to MEO Board
- Cash balance at end September is \$5.2m, approximately \$0.6m higher than forecast in the March quarterly report

Melbourne, Australia (20th October, 2015)

MEO Australia Limited (ASX: **MEO**) provides the following summary in relation to its activities during the quarter ended 30th September 2015.

Activity Summary

MEO is focused on growing a material oil and gas business through a three-pronged strategy:

- Risk-managed, high impact exploration
- Low-cost and value accretive acquisitions
- Commercialisation of the Tassie Shoals Projects

Cuba

The Production Sharing Contract (PSC) for Block 9, onshore Cuba, was executed on 3 September 2015. The Block 9 PSC area is in a proven hydrocarbon system with multiple discoveries within close proximity, including the multi-billion barrel Varadero oil field. It also contains the Motembo field - the first oil field discovered in Cuba. As an early mover into Cuba, MEO is now one of the few western companies with a footprint in the expanding Cuban hydrocarbon sector.

MEO will immediately commence work on the initial activity of evaluating exploration data in the block and reprocessing selected 2D seismic data.

Exploration Portfolio Review

Subsequent to the end of the quarter MEO completed a strategic review of its exploration portfolio that identified and prioritised the projects that MEO considers have the most potential to deliver significant shareholder value.

As a result of this review MEO is focused on the following priority exploration projects:

Country – Basin	Block	Comments
Cuba	Block 9 (MEO 100%)*	<ul style="list-style-type: none"> • Early mover advantage in oil rich area with significant company-making potential • Quality, low-cost technical work to add value ahead of potential farm-out and drilling
New Zealand – Taranaki	PEP51153 (MEO 30%)	<ul style="list-style-type: none"> • Evaluating potential to restart oil production from Puka • Evaluating potential to drill high quality Shannon prospect in 2016
Australia – Petrel	WA-488-P (MEO 100%)**	<ul style="list-style-type: none"> • Giant Beehive oil prospect in shallow water • Farm down to fund MEO's share of activities (potential 3D seismic & well)
Australia – Petrel	WA-454-P (MEO 50%)	<ul style="list-style-type: none"> • Breakwater prospect anticipated to be drilled in 2017 • MEO 80% carried by Origin farmin • MEO will seek partner to carry the remaining 20% cost
Australia – Vulcan	AC/P50, 51, 53 (MEO 100%)	<ul style="list-style-type: none"> • New oil play on trend with recent reported West-1 (Auriga) discovery near Crux • Quality, low-cost technical work to add value ahead of potential farm-out and drilling

* Subject to Petro Australis conditional 40% back-in option

** Subsequent to MEO reaching commercial settlement for Rex's withdrawal from WA-488-P on 20/10/15

As a consequence of this exercise MEO has elected to discontinue its involvement in a number of exploration projects including:

- NT/P68 – Heron (MEO 100%). MEO undertook an assessment of the Heron discovery and concluded that it was too small to be a potential gas supply source for the Tassie Shoals projects.
- WA-360-P (MEO 62.5%) and WA-361-P (MEO 50%). The remaining prospectivity in these permits is considered too high risk for MEO's exploration strategy, relative to MEO's other assets.

MEO has advised the other Joint Venture participants of these permits of its intention to withdraw, which in all cases is expected to be achieved in good order within 6 months.

Corporate Summary

MEO appointed Mr Andrew Purcell and Mr Michael Sandy as Non-Executive Directors, effective 31 July 2015. The two appointments are the culmination of a process to refresh the MEO Board and to ensure the Company has strong leadership and governance as it advances its existing projects as well as pursuing new opportunities in the interests of shareholders. As a final step in revitalising MEO's leadership, the current Non-Executive Directors will depart the MEO Board after the 2015 Annual General Meeting with Mr Greg Short retiring and Mr Stephen Hopley not seeking re-election.

Cash balance at end of quarter

Consolidated cash balance at 30th September 2015 was \$5.2m, approximately \$0.6m higher than forecast in the June quarterly release.

New Ventures

MEO recognises the current business environment is conducive to acquiring assets at an attractive price. Screening for early entry opportunities and projects capable of generating near term operating income continues.

Priorities for the current quarter ending 30th December 2015

- Initiate activities in the Block 9 PSC, Onshore Cuba
- Advance the Shannon prospect as a preferred drilling candidate for PEP51153 (onshore New Zealand) in 2016
- Continue to market farm-out opportunities, notably WA-488-P and WA-454-P
- Continue screening for corporate options and asset opportunities capable of generating operating income that enhance MEO shareholder value.



Peter Stickland
Managing Director and Chief Executive Officer

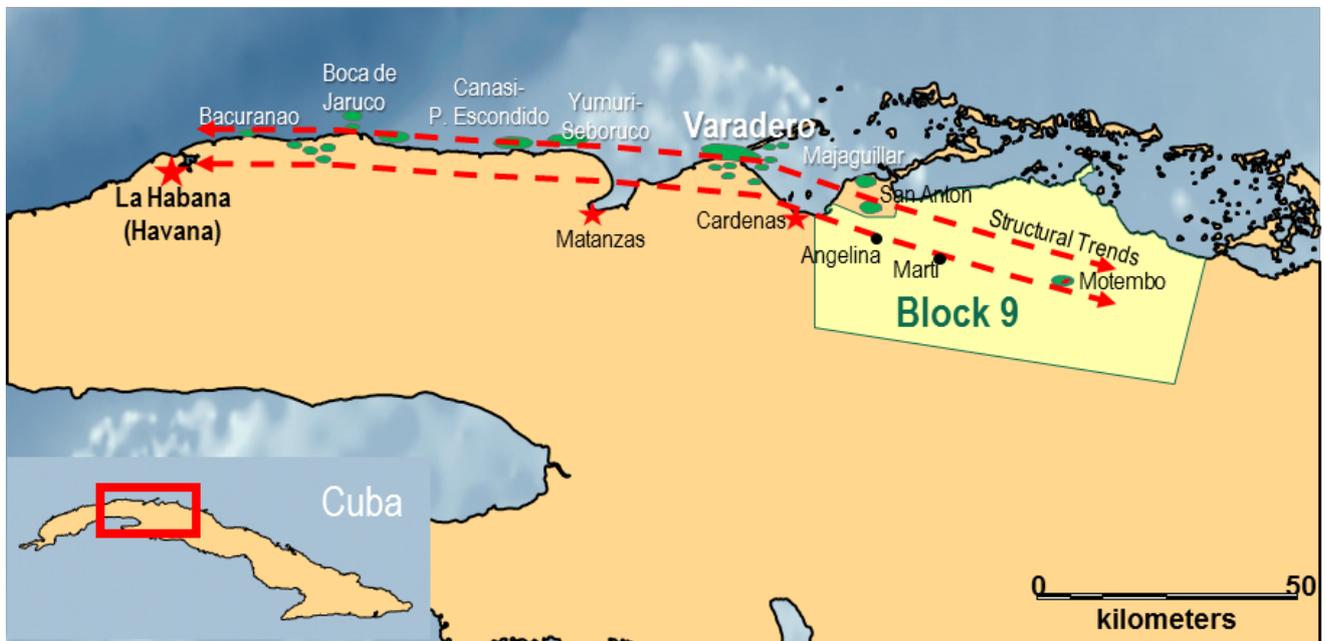
Attachments: Activity Summaries by Project Area

Cuba

On 3rd September 2015 MEO executed a Production Sharing Contract (PSC) with CUPET for Block 9 in Cuba. Block 9 covers approximately 2,380 km² onshore on the north coast of Cuba in a proven hydrocarbon system with multiple discoveries within close proximity, including the multi-billion barrel Varadero oil field. It also contains the Motembo field – the first oil field discovered in Cuba.

The exploration period of the Block 9 PSC is split into four sub-periods with withdrawal options at the end of each sub-period. MEO will immediately commence work on the initial activity of evaluating the existing exploration data in the block and reprocessing selected 2D seismic data before determining whether to proceed with a subsequent 24-month exploration sub-period that includes acquisition of new 2D seismic data.

As an early mover into Cuba, MEO is now one of the few western companies 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 looks forward to working closely with CUPET to explore and develop Cuba's oil and gas resources.



New Zealand: Taranaki Basin

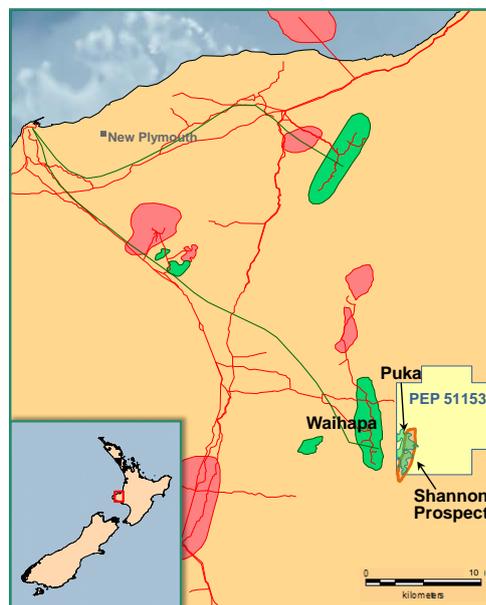
PEP51153 (MEO 30%, Kea Petroleum Limited* 70% & Operator)

On 7th April 2014 MEO Australia Limited announced its wholly owned subsidiary, MEO New Zealand Pty Limited (“MEO”), had executed a binding farm-in agreement (FIA) with KEA Petroleum PLC (“Kea”) to earn a 30% interest in exploration permit PEP51153 in the Taranaki Basin, onshore New Zealand.

The PEP51153 Joint Venture has identified the Shannon Prospect on the 2013 3D seismic data at the deeper Tikorangi objective updip of Douglas-1 (which encountered oil shows at this level) and is analogous to the nearby Waihapa oil field.. The Shannon Prospect is potentially very robust as initial production can be routed through the existing Puka production facilities.

In the current permit year 7, the Joint Venture is seeking a variation to the obligation to acquire 7km of 2D seismic data by proposing alternative work that is likely to be of higher benefit advancing the prospectivity of the permit.

During the quarter production testing of the Puka oil field continued to be shut in due to unresolved mechanical problems with the Puka-1 well and the low current oil price environment. The Joint Venture is considering technical solutions to restart production from the Puka oil field.



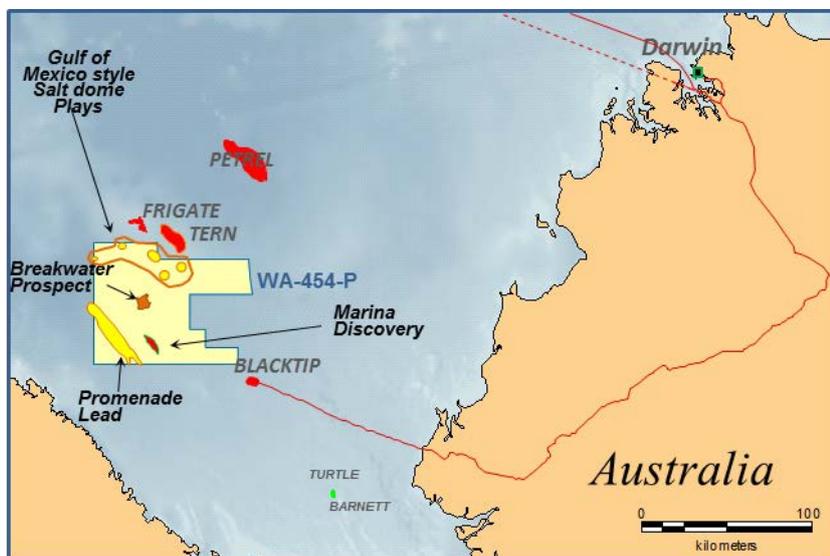
Indicative Activity Schedule

Permit	PEP 51153	2015				2016													
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr												
MEO Interest	30%	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Operator	Kea*	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Permit Year	6	7																	
Work program	Seismic	1 Well																	
Activities																			
Acquire 7km seismic (or vary)																			
Drilling of Shannon-1																			

* In July Kea Petroleum Limited conditionally sold its 70% interest in PEP51153 to Caliera Fund Limited (Caliera), a privately-owned New Zealand company

Bonaparte Gulf: Petrel Sub-Basin

WA-454-P (MEO 50%, Origin Energy 50% & Operator)



WA-454-P contains the Marina gas and probable oil discovery together with the Breakwater prospect and a number of promising leads. MEO was awarded the permit in June 2011 for an initial six (6) year exploration period.

The 601 km² Floyd 3D seismic survey was acquired in early 2012 over the Marina discovery, Breakwater prospect and a number of identified leads.

In July 2013, MEO executed a binding farm-in agreement with Origin Energy for a 50% participating interest in the permit. Origin reimbursed MEO \$5.6m in past costs and will fund 80% of a well capped at \$35m (100% well cost).

During the quarter MEO continued a marketing campaign to sell a portion of its 50% participating interest to defray MEO's 20% cost exposure to the Breakwater-1 well, scheduled for drilling prior to Q4-2017 subject to rig availability and receipt of customary regulatory approvals.

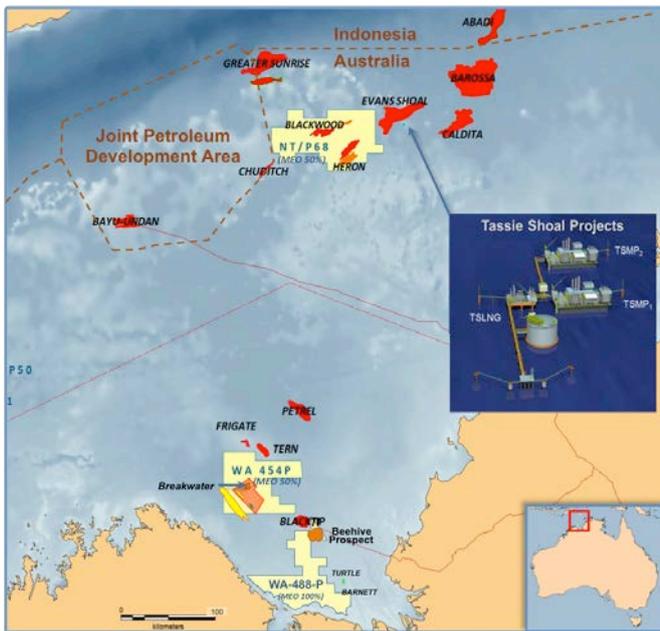
Indicative Activity Schedule

Permit	WA-454-P	2015				2016				2017									
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr								
MEO PI	50%*	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Operator	MEO	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Permit Year		4				5				6									
Work program		Studies								1 well									
Activities																			
PSDM Reprocessing		[Yellow bar]																	
Mature Breakwater prospect						[Green bar]													
Fund 20% residual drilling obligation						[Blue bar]				Partial sale									
MEO option to withdraw																			
Drill Breakwater-1 ^x																			

^x timing is indicative only and is subject to change; * pre-farmout

Bonaparte Gulf: Petrel sub-Basin

WA-488-P (MEO 100%)*



WA-488-P is located adjacent to MEO’s WA-454-P (50%) permit and covers an area of 4,105 km². The permit was awarded to MEO in May 2012 as part of the acreage Gazettal Round.

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

During the quarter, MEO undertook 2D reprocessing and received the preliminary results which were encouraging. MEO worked towards integrating the 2D reprocessing results into the existing geophysical and geological model to give a holistic interpretation of the Beehive Prospect. MEO completed the potential design parameters for a 3D Survey over the Beehive Prospect and made initial enquiries regarding the availability of suitable vessels and obtained cost estimates. The Joint Venture

considered potential approval of the 3D Survey. MEO continues to market the Beehive prospect to additional prospective industry partners considering participating in the Permit Year 3 well.

Indicative Activity Schedule

Permit MEO PI Operator	WA-488-P 100%* MEO	2015												2016											
		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														3											
Work program		Studies & Reprocessing												1 Well ^x											
Activities																									
Reprocess 2D seismic		2D repro																							
Consider applic'n for extension																									
Partial sale process																									

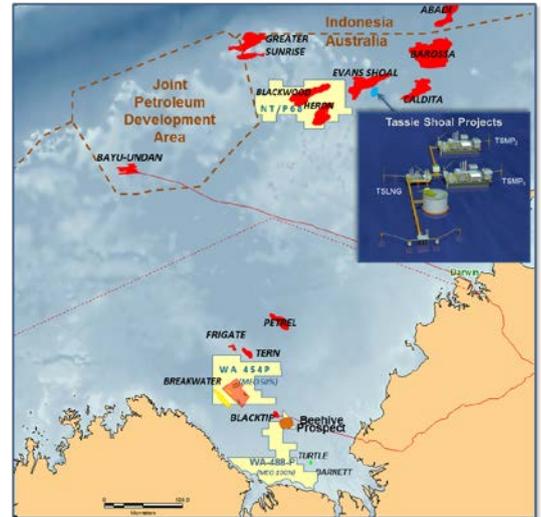
*Subsequent to MEO reaching commercial settlement for Rex’s withdrawal from WA-488-P on 20/10/15

^x timing is indicative only and is subject to change

Tassie Shoal Gas Processing Projects

(MEO 100%)

During the quarter, a potential partner in the Tassie Shoal Methanol Projects liaised directly with political and regulatory stakeholders to clearly state their strong interest to directly invest in the Tassie Shoal Methanol Projects if suitable high CO₂ gas feedstock can be made available. MEO also continued its own direct dialogue with political and regulatory stakeholders to update them on the current status of efforts to commercialise the regional stranded high CO₂ gas resources as feedstock to Tassie Shoal.



Ashmore Cartier Region, Timor Sea: Vulcan Sub-Basin

AC/P50, AC/P51, AC/P53 (MEO 100%)



MEO acquired the 507 km² Zeppelin 3D seismic survey across both AC/P50 and AC/P51 in early 2012.

Identification of Ramble On is the result of applying new ideas to old basins. It represents a new play type that has proven analogues in other basins. Naturally, any new play type in a region will initially be assigned a higher risk until that play type can be demonstrated to work.

Earlier in 2015 MEO renewed both AC/P50 and AC/P51 for a further 5 years with a minimum work program requirement of studies and seismic reprocessing.

MEO also successfully varied the work program for AC/P53, advancing geotechnical studies to Year 5 and deferring the commitment well from Year 5 to Year 6.

Indicative Activity Schedule

Permit	AC/P50	2015				2016				2017																					
		Sep Qtr		Dec Qtr		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr																			
		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
Operator	MEO	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
Permit Year		1				2				3																					
Work program		Studies				Reprocessing				Studies																					
Activities																															
Seismic Interpretation		█																													
Reprocessing						█																									
Partial sale process						█				█																					

Permit	AC/P51	2015				2016				2017																					
		Sep Qtr		Dec Qtr		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr																			
		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
Operator	MEO	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
Permit Year		1				2				3																					
Work program		Studies				Reprocessing				Studies																					
Activities																															
Seismic Interpretation		█																													
Reprocessing						█																									
Partial sale process						█				█																					

Permit	AC/P53	2015				2016				2017																					
		Sep Qtr		Dec Qtr		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr																			
		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
Operator	MEO	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
Permit Year		5				6																									
Work program		Studies				1 Well				█																					
Permit relinquish election						█																									
Activities																															
Seismic Interpretation		█																													
Partial Sale process						█				█																					

North West Shelf: Offshore Carnarvon Basin

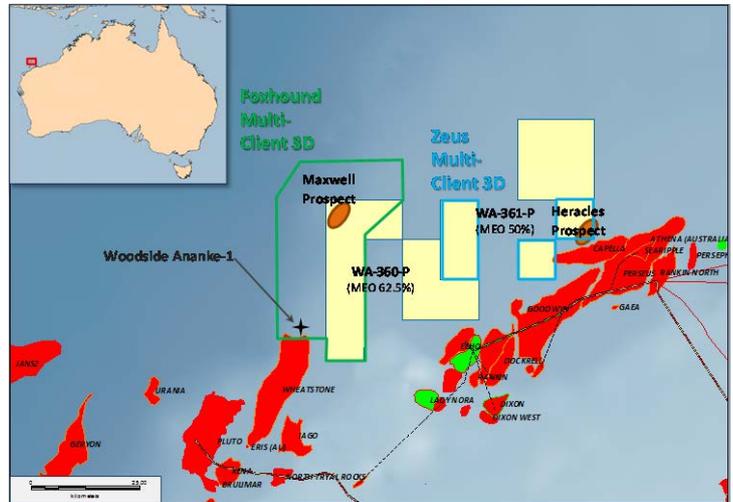
WA-360-P, WA-361-P (MEO Operator)

WA-360-P (MEO 62.5% & Operator)

WA-361-P (MEO 50% & Operator)

As a consequence of the recent Exploration Portfolio Review MEO decided to discontinue its involvement in WA-360-P and WA-361-P at the earliest opportunity as the remaining prospectivity in these permits is considered too high risk for MEO's exploration strategy, relative to MEO's other assets.

MEO has advised the other Joint Venture participants of these permits of its intention to withdraw, which in all cases is expected to be achieved in good order within 6 months at minimal additional cost to MEO.



Timor Sea: Bonaparte Basin

NT/P68 (Heron Area MEO 100%, Blackwood Area, MEO 0%, Eni Australia Ltd 100%)

Earlier in 2015 MEO elected to focus its efforts on the Heron Area of NT/P68 (MEO 100%).

During the Quarter, MEO undertook an assessment of the Heron discovery and concluded that it was too small to be a potential gas supply source for the Tassie Shoal projects.

As a consequence of this exercise MEO decided to discontinue its involvement in NT/P68 at the earliest opportunity. This withdrawal is expected to be undertaken in good order within 6 months at minimal additional cost to MEO.

