

Quarterly Activities Summary for Period Ended 30 June 2016

Highlights

Cuba

- Completed initial prospective resource assessment for one of three identified plays in Block 9 PSC subsequent to end of quarter
- Results based on the first of the three plays confirmed very significant potential of the block
- Lower Sheet Play assessed to contain 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

AC/P50 & AC/P51

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

WA-454-P

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

Melbourne, Australia (**29 July 2016**)

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

Activity Summary

Cuba

During the quarter, MEO continued its evaluation of the existing exploration data in the block and reprocessing of selected 2D seismic data. Subsequent to the end of the quarter, MEO announced that the first of three identified oil plays on Block 9 has been assessed by MEO to contain 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 other two shallower oil plays, which also have significant oil potential, is continuing and will be reported on before the end of Q4 2016.

MEO considers that some of the leads in this Lower Sheet Play can potentially be matured into early drilling opportunities in Q1 2018 based on the existing data, particularly those with nearby or shallow oil recoveries from old wells. This will be a key focus of the Company in the coming months.

The Company also appointed Dr Rafael Tenreyro as the Company's representative in Havana, Cuba, subsequent to the end of the quarter.

The Production Sharing Contract (PSC) for Block 9, onshore Cuba, was executed on 3 September 2015. The Block 9 PSC area extends across a proven hydrocarbon system with multiple discoveries within close proximity, including the multi-billion barrel Varadero oil field currently operated by Sherritt International Corporation. 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.

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

WA-488-P

MEO continued 2D seismic reprocessing and inversion studies over the Beehive prospect during the quarter. Preparation of the technical material to support a farm out program has commenced with a formal farmout process to be initiated during Q3 2016.

AC/P50 & AC/P51

Subsequent to the end of 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 the 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.

New Zealand – PEP51153

MEO was advised during the quarter that TAG Oil Ltd ("TAG") had acquired Kea's 70% interest in PEP51153 and that all conditions precedent related to the acquisition had been satisfied, including New Zealand regulatory approval of TAG assuming Operatorship of the permit. The PEP51153 work program was also concurrently amended providing the joint venture with more flexibility.

The minimum work program which was revised and approved by the New Zealand regulator 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

The PEP51153 joint venture will now define in detail the work program for the remainder of 2016 and the forward plan for the permit.

WA-454-P

During the quarter MEO reached agreement to assign its 50% interest in the WA-454-P exploration permit to Origin Energy Resources Limited ("Origin"). The assignment follows extensive consideration by the Company of its strategic focus and allocation of capital to its asset portfolio. The agreement includes provisions to effectively back-date the assignment to December 2015 as consideration for MEO's 50% interest, allowing MEO to avoid all expenditure associated with WA-454-P in 2016 and 2017, when an exploration well is obligated to be drilled and substantial expenditure incurred.

Cash balance at end of quarter

Consolidated cash balance at 30 June 2016 was \$4.1 million.

Priorities for the current half ending 31 December 2016

- Progress technical assessment of two remaining shallower oil plays in Block 9 PSC, Onshore Cuba.
- Progress early drilling opportunities in Block 9 PSC.
- Open Cuba Administration Office in preparation for commencement of potential field work.
- Commence formal farmout process for WA-488-P, following completion of seismic reprocessing & inversion over Beehive prospect.
- Assist with transfer of Operatorship of PEP51153 (onshore New Zealand).



Peter Stickland
Managing Director and Chief Executive Officer

Attachments: Activity Summaries by Project Area

Cuba

The exploration period of Block 9 PSC 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 looks forward to working closely with the Cuban national oil company, CUPET, to explore and develop Cuba’s oil and gas resources.

During the quarter, MEO continued with its evaluation of the existing exploration data in the block and reprocessing selected 2D seismic data. After completion of the quarter (on 5th July), MEO announced the first of three identified oil plays on Block 9 has been assessed by MEO to contain 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.

Importantly, 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.

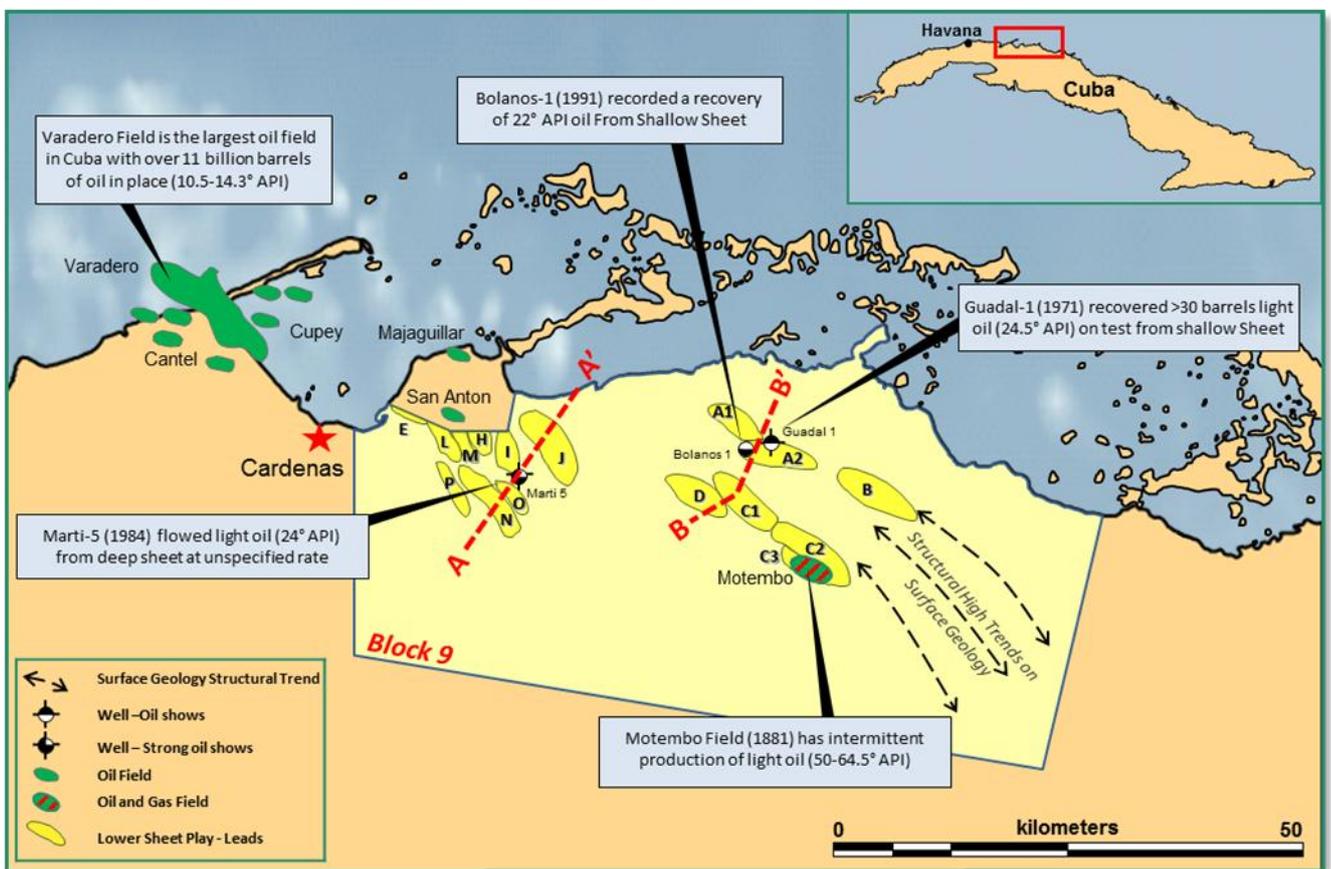


Figure 1. Block 9 location map showing adjacent fields.

*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 PSC 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 will investigate the potential to accelerate drilling in Block 9 to test the potential of the Lower Sheet Play, based on existing data, in Q1 2018. In addition, MEO will 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 the east of Block 9 to assess the potential of that region 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 both of which may have significant potential, and refine the potential resource base as further information comes to hand.

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												
Exploration Sub-Period		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
		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)														■											

New Zealand: Taranaki Basin

PEP 51153 (MEO 30%, TAG 70% & Operator)

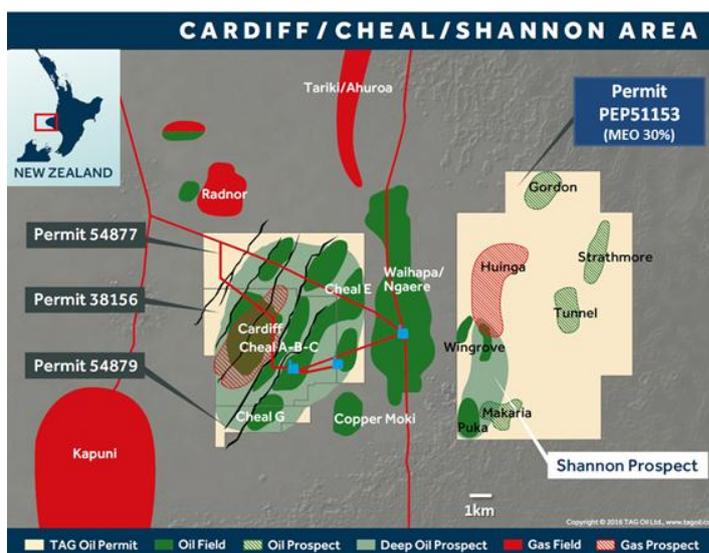
MEO holds a 30%, non-Operator interest in PEP 51153, located in the productive onshore Taranaki Basin of New Zealand. PEP 51153 contains:

- 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 Shannon Prospect. This prospect is 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 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.

During the quarter, MEO confirmed that TAG had acquired Kea's interest in PEP51153 and that all conditions precedent related to the acquisition had been satisfied, including New Zealand regulatory approval of TAG assuming Operatorship of the permit.

TAG is a Canadian listed, Australasian focused oil and gas production and exploration company, with extensive operations and production infrastructure in the Taranaki Basin. TAG holds a 100% interest in the producing Cheal Oil Field, which is located 7km to the west of PEP51153 and sits in the same Mt Messenger formation.

During the quarter, the minimum work program for PEP51153 was revised 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.

The PEP51153 joint venture will now define in detail the work program for the remainder of 2016 and the forward plan for the acreage. It is anticipated that near term activity will focus on the collection of gravity data, seismic interpretation and the potential to capture operational synergies with TAG.

Indicative Activity Schedule

Permit	PEP 51153	2016								2017							
		MEO Interest		30%		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr				
		Operator		Tag Oil		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 (Shannon-1 or other)										■							

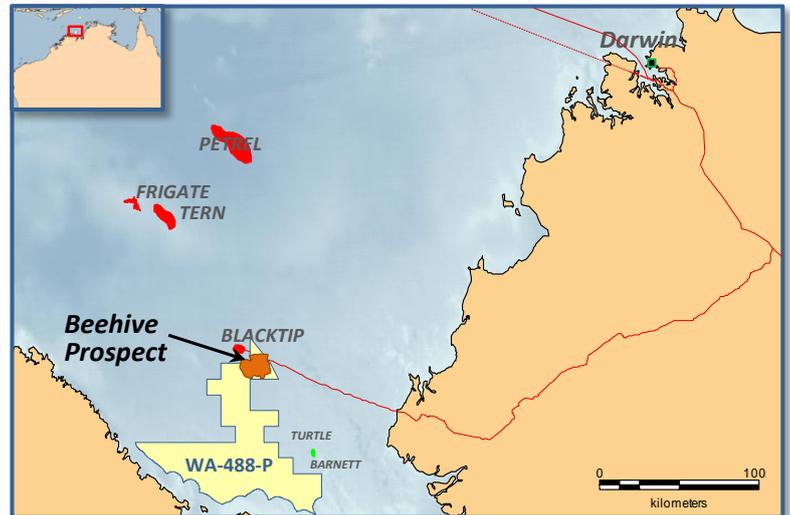
Bonaparte Gulf: Petrel sub-Basin

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.

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 continued 2D seismic reprocessing and inversion studies to enhance the prospectivity of the Beehive prospect. Initial results from the seismic reprocessing are showing a significant enhancement to data quality. The seismic reprocessing and inversion study is to be completed by July 2016. The potential drilling of Beehive has been deferred 12 months until 2017 and 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								
Permit Year		2				3			
Work program		Seismic Repro & Inversion				1 Well ^x			
Activities									
Reprocess 2D seismic & Inversion		Inversion							
Partial sale process									

Ashmore Cartier Region, Timor Sea: Vulcan Sub-Basin

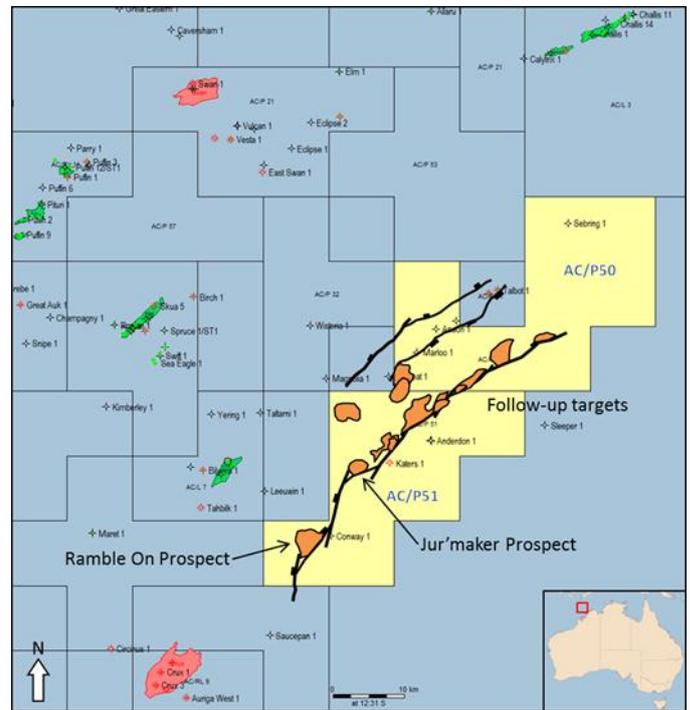
AC/P50, AC/P51 (MEO 100%*)

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

Identification of the Ramble On prospect is the result of applying new ideas to old basins. It represents a new play type that has proven analogues in other Basins. Ramble On prospect is on trend with the recent reported West-1 (Auriga) discovery near Crux resulting in renewed industry interest in the region.

Subsequent to the end of 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 18th May, 2018, at which point it will acquire a 45% interest in the Permits.



MEO surrendered AC/P53 during the quarter as no commercially attractive prospects had been identified.

Indicative Activity Schedule

Permit	AC/P50	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	1			2									3											
Permit Year		1			2									3											
Work program		Studies			Reprocessing									Studies											
Activities																									
Seismic Interpretation																									
Partial sale process		■																							
Reprocessing					■									■											
Partial sale process														■											

Permit	AC/P51	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	1			2									3											
Permit Year		1			2									3											
Work program		Studies			Reprocessing									Studies											
Activities																									
Seismic Interpretation																									
Partial sale process		■																							
Reprocessing					■									■											
Partial sale process														■											

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

Tassie Shoal Gas Processing Projects

(MEO 100%)

During the quarter, MEO continued its direct dialogue with regulatory stakeholders to update them on the current status of efforts to commercialise the regional stranded high CO₂ gas resources as feedstock to the Tassie Shoal projects. Discussions with regulatory stakeholders centred on the status of the current environmental permits and the potential to clarify the permits to ensure maximum opportunity for the projects to be considered as a development path for the significant quantity of discovered high CO₂ gas in the region that remains with no identified alternative commercially viable development plan.

