



MOSMAN OIL AND GAS  
LIMITED

28 January 2015

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

1300 135 638

Dear Sir / Madam

**MEO Australia Limited (ASX Code: MEO)**

Mosman Oil and Gas Limited (**Mosman**) hereby gives notice that a bidder's statement in respect of the offer by Mosman to acquire all of the shares in MEO Australia Limited (Bidder's Statement) was lodged with ASIC on 28 January 2015.

For the purposes of section 633(1) item 5 of the *Corporations Act 2001 (Cth)*, please find **enclosed** a copy of the Bidder's Statement.

Yours sincerely  
**Mosman Oil and Gas Limited**

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

Zane Lewis  
Company Secretary

**Enclosure**



**MOSMAN OIL AND GAS**  
LIMITED

## **Bidder's Statement**

**in relation to an offer by Mosman Oil and Gas Limited to  
acquire ALL of your ordinary shares in**

**MEO AUSTRALIA LIMITED  
ACN 066 447 952**

**Consideration offered is 1 Mosman Share for every 10 MEO  
Shares you own**

The Offer will close at 5:00pm (WST) on [\*\*] 2015, unless extended or withdrawn.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.

## IMPORTANT INFORMATION

### Bidder's Statement

This document (the **Bidder's Statement**), dated 28 January 2015, is issued by Mosman Oil and Gas Limited ACN 150 287 111 (**Mosman**) under Part 6.5 of the Corporations Act in relation to an off-market offer by Mosman to acquire all MEO Shares and sets out certain disclosures required by the Corporations Act. A copy of this Bidder's Statement was lodged with ASIC on 28 January 2015. Neither ASIC nor its officers take any responsibility for the contents of this Bidder's Statement.

### Investment Risks

There are a number of risks that may have a material impact on the value of the Offer, the future performance of Mosman and the value of Mosman Shares. These are detailed in Section 8.

### Foreign Jurisdictions

The distribution of this Bidder's Statement and the making of the Offer may be restricted by the laws or regulations of foreign jurisdictions. Persons who come into possession of this Bidder's Statement should seek advice and observe these restrictions.

This Bidder's Statement does not constitute an offer to sell, nor the solicitation of an offer to buy any Mosman Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Bidder's Statement. The Offer is not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction. The entitlements of MEO Shareholders who are located in jurisdictions outside Australia and its external territories are detailed in Section 10.10. No action has been taken to register or qualify Mosman or to otherwise permit the offering of Mosman Shares outside Australia and its external territories. This Bidder's Statement has been prepared having regard to Australian disclosure requirements, which may differ from the disclosure requirements of other countries.

### Disclosure regarding Forward-Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on Mosman's current expectations and predictions about future events, including Mosman's intentions (which include those detailed in Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Mosman, MEO and the Combined Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 8. None of Mosman, its officers, persons named in this Bidder's Statement with their consent nor any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward-looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. The forward-looking statements in this Bidder's Statement reflect views held only at the date of this Bidder's Statement.

### Disclaimer regarding MEO and the Combined Entity Information

In preparing the information relating to MEO and the Combined Entity contained in this Bidder's Statement, Mosman has relied on publicly available information relating to MEO which has not been independently verified by Mosman or the Mosman Directors. Risks may exist in relation to MEO (which will affect the Combined Entity) of which Mosman is unaware. If any material risks are known to the MEO Directors, they must be disclosed in the Target's Statement to be issued by MEO. Accordingly, subject to Applicable Law, Mosman makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

Further information on MEO may be included in the Target's Statement which MEO is required to provide to all MEO Shareholders in response to this Bidder's Statement.

### **Value of Mosman Shares**

The implied value of the Offer will vary with the market price of Mosman Shares. Further information on the implied value of the Offer is detailed in this Bidder's Statement. Before accepting the Offer, MEO Shareholders should obtain a current quote for Mosman Shares from their stockbroker or other financial adviser.

In addition, all references to the implied value of the Offer are subject to the effects of rounding.

### **Investment Advice**

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each MEO Shareholder (or any other person). You should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

### **Privacy**

Mosman has collected your information from MEO's register of members for the purposes of making the Offer and, if accepted, administering your acceptance over your holding of MEO Shares. Mosman and its share registries may use your personal information on a confidential basis in the course of making and implementing the Offer. Mosman and its share registries may also disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about you held by Mosman, please contact Mosman at its registered office detailed in the Corporate Directory.

### **Defined terms**

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, defined terms have the meaning given in Section 12.

### **Internet Sites**

Both Mosman and MEO maintain internet sites. Mosman's internet site is located at [www.mosmanoilandgas.com](http://www.mosmanoilandgas.com). MEO's internet site is located at [www.meoaustralia.com.au](http://www.meoaustralia.com.au). Information contained in or otherwise accessible through these internet sites is not part of this Bidder's Statement. References to any of these sites in this Bidder's Statement are for information purposes only.

### **Estimates and Assumptions**

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by Mosman's management. Management estimates reflect and are based on views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

### **Effect of Rounding**

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

### **Currencies**

In this Bidder's Statement, references to "Australian dollars", "AUD", "\$", "A\$" or "cents" are to the lawful currency of Australia and references to "£", "British Pound Sterling" or "pence" are to the lawful currency of the United Kingdom.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of Mosman or MEO in respect of which different exchange rates may have been, or may be, used.

### **Maps and Diagrams**

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

### **Queries**

You should contact your legal, financial or professional adviser if you are unsure about how to deal with this Bidder's Statement. If you have any enquires about the Offer, please contact the MEO Shareholder Information Line 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.

## LETTER FROM MOSMAN CHAIRMAN

Dear MEO Shareholders

On behalf of the directors of Mosman Oil and Gas Limited (**Mosman**), I am pleased to enclose an offer by Mosman to acquire all of your ordinary shares in MEO Australia Limited (**MEO**).

The Offer provides an opportunity for MEO shareholders to join with Mosman shareholders and for both shareholder groups to benefit from the formation of a diversified portfolio of Australian and New Zealand oil and gas assets in prospective hydrocarbon regions, which Mosman believes will deliver operational activity and see the progression of exploration activities in the coming months and years.

The directors of Mosman consider that the Offer also provides MEO shareholders with an opportunity to entrust the management and future direction of MEO to a stable and experienced board of directors. Since the start of 2008, MEO has had 11 different directors and has recently disclosed that its sole executive director will leave MEO on 31 January 2015. The directors of Mosman, in managing the combined business of Mosman and MEO, would seek to, amongst other things:

- (a) immediately review the corporate and administrative functions and overheads of MEO and seek to operate the combined entity in an efficient and low cost manner (which is consistent with their current management of Mosman); and
- (b) maintain MEO's interests in those of its oil and gas projects which they deem warrant continuation of appraisal and exploration activities and in doing so will actively seek to raise sufficient equity funding to maintain an interest in those projects and/or enter into favourable farm-in/joint venture arrangements with third parties.

Each of the directors of Mosman are shareholders of Mosman (two of whom are significant shareholders) and are committed to continuing Mosman's recent growth as an ambitious, robust and cost efficient operator with the aim of providing Mosman shareholders with a tangible return on their investment and the faith that they have shown in the Mosman board.

By accepting the Offer you will, subject to the terms and conditions of the Offer, receive one Mosman Share for every 10 of your MEO Shares.

The conditions of the Offer are detailed further in section 10 of the Bidder's Statement. We encourage you to read the Bidder's Statement carefully, including the risk factors detailed in section 8, before accepting the Offer.

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

If you have any enquires about the Offer, please contact the MEO Shareholder Information Line 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



**John W. Barr**  
Executive Chairman  
Mosman Oil and Gas Limited

## CORPORATE DIRECTORY

<b>Directors</b>	John W Barr - Executive Chairman Andrew Carroll - Technical Director John Young - Non-Executive Director
<b>Head Office</b>	Suite 1, Gunshot Alley Suakin Drive Mosman NSW 2088
<b>Registered Office</b>	Level 1, 981 Wellington Street West Perth WA 6005
<b>AIM Ticker Code</b>	MSMN
<b>Company Secretary</b>	Zane Lewis
<b>Nominated Adviser</b>	ZAI Corporate Finance Limited 1 Hobhouse Court Suffolk St London SW1Y 4HH
<b>Broker*</b>	SI Capital Limited 1 High Street Godalming Surrey GU7 1AZ United Kingdom
<b>Auditor*</b>	Somes Cooke 1304 Hay St West Perth WA 6005
<b>Investigating Accountant</b>	BDO Corporate Finance (WA) Pty Ltd 38 Station Street Subiaco WA 6008
<b>Independent Technical Expert</b>	SRK Consulting (Australasia) Pty Ltd Level 6, 141 Queen Street Brisbane QLD 4000
<b>Lawyers</b>	
<i>As to Australian law</i>	Hardy Bowen Level 1, 28 Ord Street West Perth WA 6005
<i>As to English law</i>	Ronaldsons LLP 55 Gower Street London WC1E 6HQ

**Tenement & Title Report on  
Mosman's tenement interests**

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**Company website**

[www.mosmanollandgas.com](http://www.mosmanollandgas.com)

**MEO Shareholder Information Line** 1300 889 468 (within Australia)

+ 61 2 8022 7902 (outside Australia)

*\*For information purposes only. These parties have not been involved in the preparation of this Bidder's Statement.*



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## KEY DATES

Announcement of intention to make a bid	Thursday, 11 December 2014
Bidder's Statement lodged with ASIC and served on MEO	Wednesday, 28 January 2015
Dispatch of Bidder's Statement to MEO Shareholders	[**], [**] 2015
Offer Period commences	[**], [**] 2015
Offer Period closes (unless otherwise extended)	5.00pm (WST) [**], [**] 2015

## WHY YOU SHOULD ACCEPT THE OFFER

The Mosman Directors believe you should ACCEPT the Offer for the following reasons:

1. **Mosman has a strong board and management team that can deliver a cost effective execution of an active development strategy for the combined portfolio of assets and generate enhanced value.**
2. **You will have exposure to Mosman's existing and future oil and gas projects.**
3. **You will become a shareholder in a company with an enhanced market profile and improved access to capital.**
4. **There is no alternative proposal.**

The above is only a headline summary of some of the reasons why you should accept the Offer. Each of the reasons is explained in further detail below.

If you wish to accept the Offer, you must return the signed Acceptance and Transfer Form by 5:00pm (WST) on [\*\*],[\*\*] 2015.

1. **Mosman has a strong board and management team that can deliver a cost effective execution of an active development strategy for the combined portfolio of assets and generate enhanced value**

Following the Offer, you will benefit from Mosman's strong and stable board and management team, who each have considerable commercial and industry expertise (refer to Section 2.12).

Mosman's strategy is to acquire and develop oil and gas assets in prospective hydrocarbon regions of Australia and New Zealand. In 2014 Mosman:

- (a) completed two corporate acquisitions whereby it acquired six additional permits;
- (b) was awarded a further three permits in New Zealand; and
- (c) completed the drilling of three wells in its Petroleum Creek Project which resulted in two Discoveries (refer to Sections 2.1 and 2.4),

all of which are testament to the ability of the Mosman Directors and Mosman's management team to deliver tangible results which are likely to result in an increase in Mosman Shareholder value.

The Mosman Directors and management team have extensive international experience in the oil and gas and resources sectors, raising funds on international capital markets, evaluating oil and gas acquisition and investment prospects and in the day to day management of public companies.

The Mosman Directors will seek to apply their experience and capabilities to unlock the significant value embedded within MEO's assets for the benefit of both Mosman Shareholders and MEO Shareholders. In particular, if Mosman acquires all, or a portion of, the MEO Shares on issue pursuant to the Offer, the Mosman Directors

and management team will, as part of their management strategy for the Combined Entity:

- (a) Immediately undertake a technical review of the oil and gas projects of MEO with a view to expeditiously determining which of those projects warrant continuation of appraisal and exploration activities by the Combined Entity, seek to raise equity funding in order to undertake such activities and/or seek to maintain an interest in those projects via farm-in/joint venture arrangements with third parties; and
- (b) undertake a detailed strategic review of the corporate and administrative functions and overheads of MEO and will seek, where possible, to effect a reduction in related expenses through the rationalisation of the corporate and administrative structure and operations the Combined Entity.

The Mosman Directors consider that:

- (a) they offer, having regard to their experience and the growth of Mosman that they have facilitated to date, a viable alternative to the incumbent MEO Directors for determining the optimal activities and strategies for the advancement of the oil and gas projects of MEO and, where appropriate, for procuring favourable farm-in/joint venture arrangements with third parties; and
- (b) the administrative overheads of MEO (totalling approximately A\$23 million for the last three financial years ended 30 June 2012, 30 June 2013 and 30 June 2014) appear to be excessive for an oil and gas exploration company of MEO's size and given its recent level of operations and accordingly warrant an immediate review and reduction.

Refer to Section 6 for the details of Mosman's intentions if it acquires all, or a portion of, the MEO Shares on issue pursuant to the Offer.

## **2. You will have exposure to Mosman's existing and future oil and gas projects**

As a Mosman Shareholder, you will have exposure to Mosman's existing portfolio of oil and gas project interests in Australia and New Zealand, which comprise Mosman's:

- (a) Petroleum Creek Project in New Zealand, a 143.6 square km onshore exploration project located near Greymouth on the South Island of New Zealand, where Mosman drilled three wells in 2014 which resulted in two Discoveries;
- (b) 25% indirect investment in the Officer Basin Project (which will be granted subsequent to the conclusion of native title negotiations), a 22,527 square km land holding with significant exploration potential, which lies in one of the more explored parts of the Officer Basin in Western Australia;
- (c) three 2014 NZ Block Offer Permits consisting of the:
  - (i) Taramakau Permit, a 990 square km onshore exploration permit surrounding the Petroleum Creek Project and extending to the south and west;

- (ii) Murchison Permit, a 517 square km onshore exploration permit approximately 100 km north of the Petroleum Creek Project that includes a gas condensate discovery; and
- (iii) Piripiri Permit, a 667 square km onshore exploration permit approximately 150 kilometres north east of Wellington on the east coast of the North Island of New Zealand;
- (d) Amadeus Basin Projects in Central Australia, comprising two onshore exploration permits and one exploration permit application which cover a combined area of 5,360 square km;
- (e) 30% interest in the Otway Basin Project, comprising a 2,480 square km offshore exploration permit; and
- (f) option to acquire a 17.5% indirect interest in the Canning Basin Permit, comprising a 1,772 square km onshore exploration permit.

Each of the oil and gas interests detailed in paragraphs (c) to (f) above was acquired by Mosman following its admission to trading on AIM in March 2014. Consistent with its growth strategy, Mosman is currently actively investigating other oil and gas acquisition opportunities in order to complement its existing oil and gas project interests.

Refer to Section 2, the Independent Technical Asset Report (Annexure B) and the Tenement & Title Report (Annexure C) for further details on Mosman's oil and gas projects.

### **3. You will become a shareholder in a company with an enhanced market profile and improved access to capital**

By accepting the Offer and it becoming unconditional, you will become a shareholder of a company with an enhanced balance sheet and one that has demonstrated an ability to raise equity capital. The Combined Entity will also benefit from having a larger and more diversified portfolio of oil and gas project interests.

The Mosman Directors are of the view that the Combined Entity, under their management and having a larger market capitalisation and exposure to the United Kingdom through Mosman's AIM listing, should benefit from an increased likelihood of procuring additional institutional investors and broker research coverage. Such access to capital is unlikely to be available to MEO as a standalone entity.

In 2014 Mosman raised £6,162,500 (before associated costs) (approximately A\$11,708,750 based on an exchange rate of £1=A\$1.9) through equity placements.

The MEO Directors (in the MEO Scheme Booklet) have acknowledged the "challenging funding environment for junior resources companies" and the current difficult environment for accessing funding via capital markets including the likelihood that funding available through capital markets would likely need to be raised at a substantial discount to the prevailing trading price of the MEO Shares. The Mosman Directors consider that equity capital funding, which will be required by both of Mosman and MEO in the near future, is likely to be more readily available, and on more favourable terms, if the two entities combine due to the larger market capitalisation and Mosman's track record of raising funds on AIM.

#### 4. There is no alternative proposal

As at the date of this Bidder's Statement, neither MEO nor any third party has made any announcement with respect to a competing takeover proposal for MEO or an alternative comparable arrangement. Mosman acknowledges that the MEO Directors recently sought to undertake an alternative transaction concerning the ownership and future of MEO, being the aborted scheme of arrangement with Neon Energy Limited (**Neon**). It notes, however, that this exercise resulted in MEO incurring approximately A\$800,000 of transaction and implementation costs of which only A\$400,000 was recovered as a "reimbursement fee" from Neon. If the scheme of arrangement with Neon was successfully implemented and completed, MEO would have been required to pay its financial adviser a fee of A\$1,250,000 (plus potentially more depending on the trading price of MEO Shares prior to the applicable scheme of arrangement meeting).

Mosman notes that in the scheme booklet for the scheme of arrangement with Neon, the MEO Directors acknowledged, albeit in the context of a "merger" with Neon, that MEO would benefit from having a larger market capitalisation and a more diverse portfolio of oil and gas project interests – both of which are also offered by Mosman and MEO combining.

Given the absence of a competing takeover proposal for MEO or an alternative comparable arrangement, by not accepting the Offer, MEO Shareholders will effectively be electing to entrust the control and management of MEO to the MEO Directors, each of whom has been a MEO Director since 2008. During the tenure of the current MEO Directors, MEO has:

- (a) experienced a 69% reduction in its market capitalisation from approximately A\$36.4 million in June 2013 to approximately A\$11.26 million (as at the date of this Bidder's Statement);
- (b) in the most recent four financial years (being the financial years ended 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2014) expended an aggregate amount of approximately A\$98 million on exploration activities on various of the MEO oil and gas project interests yet has failed to advance any of those interests to a level of sustainable production;
- (c) to date failed to raise sufficient funds to enable it to participate, on its own account, in drilling in the WA-454-P interest; and
- (d) failed to enter into farm-in/joint venture arrangements in respect to a number of its other oil and gas project interests which is likely to result in MEO having no alternative but to relinquish its interest in a number of those projects.

## 1. Summary of the Offer

The information in this Section 1 is a summary of the Offer only and is qualified by and should be read in conjunction with, the information detailed in this Bidder's Statement.

You should read this Bidder's Statement in its entirety and the Target's Statement (which will be sent to you directly by MEO) before deciding how to deal with your MEO Shares. The detailed terms of the Offer are in Section 10.

The information in this Section 1 is set out by way of response to a series of questions. Mosman believes this is the most informative way to provide the information.

If you have any enquires about the Offer, please contact the MEO Shareholder Information Line 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.

### 1.1 Overview of the Offer

What is Mosman offering to buy?	Mosman is offering to buy all MEO Shares, on the terms detailed in this Bidder's Statement.  You may only accept the Offer in respect of all (and not some) of the MEO Shares held by you.
What will I receive if I accept the Offer?	If you accept the Offer, subject to satisfaction of the conditions of the Offer (refer below and to Sections 10.3 and 10.11), you will receive one Mosman Share for every 10 MEO Shares held by you.  If you do not hold a multiple of 10 MEO Shares, any fractional entitlement to Mosman Shares will be rounded up or down to the nearest whole number, with fractional entitlements to 0.5 of a MEO Share being rounded up.
What is the value of the Offer?	The implied value of the Offer is A\$0.011875 per MEO Share, based on the closing price for Mosman Shares of £0.0625 on 27 January 2015 (the last trading day for Mosman Shares on AIM prior to the date of this Bidder's Statement) and an exchange rate of £1=A\$1.9. This implied value represents a discount of 20.83% to the last traded price of MEO Shares on ASX (being A\$0.015 on 27 January 2015).  The value of the Offer may change as a consequence of changes in the market price of Mosman Shares and the A\$/£ exchange rate from time to time.  Refer to Section 9.1 for further details.
How long will the Offer remain open?	The Offer opens on [**] 2015. Unless withdrawn or extended in accordance with the Corporations Act, the Offer is scheduled to close at 5:00pm (WST) on [**] 2015.
Can the Offer Period be extended?	The Offer Period can be extended at Mosman's election or otherwise in accordance with the Corporations Act, up to a maximum Offer Period of 12 months. Mosman will give MEO

	Shareholders a written notice of any extension to the Offer Period in accordance with the Corporations Act.
What choices do I have as a MEO Shareholder?	As a MEO Shareholder, you have the following choices in respect of your MEO Shares: (a) accept the Offer; (b) sell all or some of your MEO Shares on the ASX (unless you have previously accepted the Offer for your MEO Shares); or (c) do nothing.
How do I accept the Offer?	To accept the Offer, you should follow the instructions detailed in this Bidder's Statement and in the enclosed Acceptance and Transfer Form. Your acceptance must be received in sufficient time so as to be processed before the end of the Offer Period.
Can I accept the Offer for part of my holding?	No, you may only accept the Offer for all of your MEO Shares.
If I accept the Offer, can I withdraw my acceptance?	You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Offer, Mosman varies the Offer in a way that postpones for more than one month the time that Mosman has to meet its obligations under the Offer (for example, if Mosman extends the Offer Period for more than one month while the Offer remains subject to any of the Conditions).
What happens if I do not accept the Offer?	If you do not accept the Offer and Mosman acquires a Relevant Interest in at least 90% of MEO Shares, and the other Conditions are satisfied or waived, Mosman intends to proceed to compulsorily acquire the outstanding MEO Shares. If your MEO Shares are compulsorily acquired by Mosman, it will be on the same terms as the Offer. However, you will receive your Mosman Shares later than the MEO Shareholders who choose to accept the Offer.  If the Offer becomes unconditional but Mosman does not become entitled to compulsorily acquire your MEO Shares under the Corporations Act, unless you sell your MEO Shares, you will remain a shareholder in MEO. In these circumstances and, depending on the number of MEO Shares acquired by Mosman, you may be a minority MEO Shareholder.
What happens if Mosman improves the Offer Consideration?	If Mosman improves the Offer Consideration, all the MEO Shareholders who accept the Offer (whether or not they have accepted the Offer before or after such improvement) will be entitled to the benefit of the improved Offer Consideration, should the Offer become or be declared unconditional.
Are there conditions to the Offer?	Yes, the Offer is subject to the Conditions (details of which are in Section 10.11), which include, amongst other things: (a) Mosman acquiring a Relevant Interest in at least 90% of the aggregate of all the MEO Shares on issue as at the end of the Offer Period (thereby becoming entitled to compulsorily acquire all of the outstanding MEO Shares under Part 6A.1 of the Corporations Act);

	<p>(b) Mosman Shareholders approving, by ordinary resolution, the acquisition of the MEO Shares by Mosman under the Offer for the purposes of Rule 14 of the AIM Rules;</p> <p>(c) all approvals or consents required to permit the Offer to be made to and accepted by MEO Shareholders and the transactions contemplated by this Bidder's Statement being granted or obtained;</p> <p>(d) no regulatory actions being commenced or threatened by any Government Agency in consequence of or in connection with the Offer;</p> <p>(e) no person directly or indirectly acquiring a Relevant Interest in 19.9% or more of MEO Shares on issue, acquiring control of MEO or otherwise acquiring or merging with MEO;</p> <p>(f) no MEO Group Entity conducting its business other than in the ordinary course;</p> <p>(g) no event occurring which is likely to have a material adverse effect on the business, assets liabilities, financial or trading position, profitability or prospects of the MEO Group taken as a whole;</p> <p>(h) no litigation against any MEO Group Entity which could reasonably be expected to give rise to a liability for the MEO Group in excess of A\$1,000,000 being commenced or threatened;</p> <p>(i) no prescribed occurrences occurring in respect to MEO or any MEO Group Entity.</p> <p>Refer to Section 10.11 for further details of the Conditions and Sections 3.3 and 10.13 for details of the Mosman Shareholder approval Condition referred to at paragraph (b) above.</p> <p>The Offer and any contract that results from your acceptance of the Offer are also subject to a condition that:</p> <p>(a) within seven days of the start of the Offer Period, Mosman makes an application for the Mosman Shares to be issued to MEO Shareholders pursuant to the Offer to be admitted to trading on AIM; and</p> <p>(b) Mosman's application for the Mosman Shares to be issued to MEO Shareholders pursuant to the Offer to be admitted to trading on AIM is granted no later than seven days after the end of the Offer Period.</p> <p>This condition cannot be waived. If this is not fulfilled, all contracts resulting from acceptance of the Offer will be automatically void. Refer to Section 10.3 for further details.</p>
<p>What if the Conditions are not satisfied or waived?</p>	<p>If the Offer closes and the Conditions are not satisfied or waived, the Offer will lapse, and your acceptance will be void. In other words, you will continue to hold your MEO Shares (unless you otherwise sell them). Mosman will inform you of whether the Conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act.</p>
<p>Will my new Mosman Shares be listed on the ASX?</p>	<p>No, Mosman Shares will not be listed on the ASX. Mosman is a company admitted to trade on AIM, a market operated by the London Stock Exchange. Within seven days of the date of this Bidder's Statement, Mosman will apply to AIM for the Mosman Shares issued pursuant to the acceptance of the Offer to be admitted to trading on AIM. Admission to trading on AIM will depend on AIM exercising its discretion. However, the Mosman</p>



	Shares are already admitted to trading on AIM and the shares in Mosman to be issued pursuant to this Bidder's Statement will be in the same class as those Mosman Shares.
What is AIM?	AIM is the alternative market of the London Stock Exchange and is considered to be one of the world's leading growth markets for small and medium-sized companies. In December 2014, AIM had 1,104 companies listed (219 of which incorporated outside the United Kingdom) with a total market value of over £71,414.3 million (approximately A\$135,687.17 million based on an exchange rate of £1=A\$1.9). The oil and gas sector of the AIM market comprises more than 130 companies and represents approximately 8.36% of AIM by market capitalisation.
What if I am a Foreign Shareholder?	If you accept the Offer and you are a Foreign Shareholder, you will not be entitled to receive Mosman Shares as consideration for your MEO Shares. In these circumstances, the Mosman Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Mosman Shares as soon as reasonably practicable and remit the net proceeds of such sales to you by cheque in Australian dollars.  Refer to Sections 9.12, 9.14 and 10.10 for further details.

## 1.2 Overview of Mosman

Who is Mosman?	<p>Mosman is an Australian incorporated company focused on oil exploration and development in Australia and New Zealand. Mosman's ordinary securities (being Mosman Shares) are admitted to trading on AIM.</p> <p>Mosman's existing portfolio of oil and gas projects in Australia and New Zealand are as follows:</p> <ul style="list-style-type: none"> <li>(a) Petroleum Creek Project in New Zealand, a 143.6 square km onshore exploration project located near Greymouth on the South Island of New Zealand;</li> <li>(b) a 25% indirect investment in the Officer Basin Project (which will be granted subsequent to the conclusion of native title negotiations);</li> <li>(c) 2014 NZ Block Offer Permits which comprise of: <ul style="list-style-type: none"> <li>(i) Taramakau Permit, a 990 square km onshore exploration permit surrounding the Petroleum Creek Project and extending to the south and east;</li> <li>(ii) Murchison Permit, a 517 square km onshore exploration permit approximately 100 km north of the Petroleum Creek Project; and</li> <li>(iii) Piripiri Permit, a 667 square km onshore exploration permit approximately 150 kilometres north east of Wellington on the east coast of the North Island of New Zealand; and</li> </ul> </li> <li>(d) the Amadeus Basin Projects;</li> </ul>
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	<p>(e) a 30% interest in the Otway Basin Project; and</p> <p>(f) an option to acquire a 17.5% interest in the Canning Basin Permit.</p> <p>Refer to Sections 2 and 3, the Independent Technical Asset Report (Annexure B) and the Tenement &amp; Title Report (Annexure C) for further details on Mosman and Mosman Shares.</p>
What is Mosman's current cash position?	As at the date of this Bidder's Statement, Mosman has cash reserves of approximately A\$2,260,000, which amount is sufficient to enable Mosman to fund its operating activities until 30 September 2015. Mosman intends, during the Offer Period, to raise additional equity funding in order to satisfy its medium to long term operation and expenditure requirements. Refer to Section 2.10 for further details.
What rights and liabilities will attach to my new Mosman Shares?	<p>The new Mosman Shares issued under the Offer will be issued fully paid and will from the time of issue rank equally with existing Mosman Shares.</p> <p>Refer to Section 3.4 for a summary of the rights and liabilities attaching to Mosman Shares.</p>
What are the trading volumes of Mosman Shares on AIM?	Since being admitted to trading on AIM in March 2014, Mosman Shares have an average trading volume of 2,378,301 shares per day. The VWAP for same period is £0.2225 (approximately (approximately A\$0.227 based on an exchange rate of £1=A\$1.9). The value of the average daily trading volume for Mosman Shares for the same period is of A\$973,646 (based on the above exchange rate).
Who are the Mosman Directors and what experience do they have?	<p>The Mosman Directors are:</p> <p>(a) Mr John W Barr – Executive Chairman;</p> <p>(b) Mr Andrew Carroll – Technical Director; and</p> <p>(c) Mr John Young – Non-Executive Director.</p> <p>The Mosman Directors have extensive international experience in the oil and gas and resources sectors, and experience in the evaluation of oil and gas assets, raising funds on international capital markets, evaluating acquisitions and investment prospects and in the day to day management of public companies.</p> <p>Refer to Section 2.12 for further details on the Mosman Directors.</p>
Do the Mosman Directors have any securities in, or potential conflicts of interest in relation to, MEO?	Save for Mr Andrew Carroll, who holds 132,500 MEO Shares, the Mosman Directors do not have any securities in, or potential conflicts of interest in relation to, MEO.

### 1.3 Overview of Risks

<p>Are there risks if I accept the Offer?</p>	<p>Yes, if you accept the Offer, and it becomes unconditional, you will be issued new Mosman Shares and Mosman will acquire all or part of MEO. There are risks in holding Mosman Shares.</p> <p>The financial and operational performance of Mosman's business, and the value and AIM trading prices for Mosman Shares will be influenced by a range of risks. Many of these risks are beyond the control of Mosman's Board and management. Section 8 provides a summary of these risks. Specifically it deals with:</p> <ul style="list-style-type: none"> <li>(a) risks relating to the Offer; and</li> <li>(b) risks that relate to Mosman and Mosman Shares on the assumption that Mosman acquires all of MEO Shares.</li> </ul> <p>You should carefully consider these risks before deciding whether to accept the Offer.</p> <p>Key risks which may affect MEO Shareholders include a potential decrease in the value of Mosman Shares after successful completion of the Offer and Mosman's need to obtain equity funding in the short term future.</p>
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#### 1.4 Other Relevant Questions

<p>Can I sell my MEO Shares on the market?</p>	<p>Yes, but you may incur brokerage costs if you do. If you have already accepted the Offer, you will be unable to settle any subsequent sale of your MEO Shares, subject to you being entitled to withdraw your acceptance.</p>
<p>When will I receive my consideration if I accept the Offer?</p>	<p>If you accept the Offer, Mosman will issue you Mosman Shares as consideration for your MEO Shares on or before the earlier of:</p> <ul style="list-style-type: none"> <li>(a) one month after you have validly accepted the Offer or the contract resulting from its acceptance has become unconditional (whichever is later); and</li> <li>(b) 21 days after the end of the Offer Period, provided that the Offer has become unconditional.</li> </ul> <p>Refer to Section 10.9 for further details.</p> <p>If you accept the Offer and you are a Foreign Shareholder you will not be entitled to receive Mosman Shares as consideration for MEO Shares held by you pursuant to the Offer. In these circumstances, the Mosman Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Mosman Shares and remit the net proceeds of such sale to you by cheque in Australian dollars. Refer to Sections 9.12 and 10.10 for further details.</p>
<p>Will I need to pay any transaction costs if I accept the Offer?</p>	<p>If your MEO Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Mosman, you will not incur any brokerage fees connected with you accepting the Offer.</p> <p>If your MEO Shares are in a CHESS Holding or you hold your MEO Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker or the bank, custodian or other nominee) whether it will charge any transaction</p>

	<p>fees or service charges connected with accepting the Offer.</p> <p>If you are a Foreign Shareholder, the proceeds you will receive from the sale of your MEO Shares will be net of any costs including brokerage charges. Refer to Section 9.12 for further details.</p>
<p>What are the taxation implications of accepting the Offer?</p>	<p>If, as a result of the Offer, Mosman becomes a holder of 80% or more of MEO Shares, and MEO Shareholders would otherwise make a capital gain in respect of the disposal of MEO Shares, MEO Shareholders may be entitled to CGT scrip-for-scrip rollover relief. Such rollover relief may allow MEO Shareholders to disregard any capital gains that would otherwise arise in respect of the disposal of MEO Shares.</p> <p>A general summary of the Australian taxation consequences for MEO Shareholders who accept the Offer is detailed in Section 7. This summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. MEO Shareholders should seek their own independent taxation advice in relation to the Offer.</p>

## 2. Profile of Mosman

### 2.1 Overview of Mosman

Mosman is a New Zealand and Australia focused oil exploration and development company which was formed in 2011 to examine resource opportunities in overlooked and emerging resource areas. Mosman Shares were admitted to trading on AIM in March 2014.

The strategic objective of Mosman is to discover economic oil and gas reserves and realise value through the development, joint venture or sale of its oil and gas interests. In 2013, Mosman sourced two opportunities that resulted in the acquisition of separate oil and gas projects in New Zealand and Australia.

Mosman has achieved its initial objective at the Petroleum Creek Project with Discoveries in two of the initial three holes drilled at the project. In December 2014, Mosman announced an upgrade of the Prospective Resources for the Petroleum Creek Project and an initial Contingent Resource. Mosman has also identified new prospects and leads which extend across the boundary of the Petroleum Creek Project into the Taramakau Permit area (being one of the newly granted New Zealand permits referred to below).

Since being admitted to AIM in March 2014, Mosman has:

- (a) acquired Oilco Pty Ltd (**OilCo**), a company with a 100% interest in an exploration permit and exploration permit application located in the Amadeus Basin in Central Australia;
- (b) acquired, via the acquisition of Trident Energy Limited (an Australian incorporated company that Mosman successfully acquired in November 2014 via a takeover bid pursuant to Chapter 6 of the Corporations Act) (**Trident**), interests in the following additional exploration permits:
  - (i) 100% of a permit located in the Amadeus Basin;
  - (ii) 30% of a permit located in the Otway Basin; and
  - (iii) an option to acquire a 17.5% interest in a permit located in the Canning Basin;
- (c) been awarded three additional exploration permits in New Zealand; and
- (d) been evaluating additional oil and gas opportunities which complement the Mosman Board's commercial and technical expertise and have the potential to deliver strong future growth for Mosman Shareholders.

Further information can be found on Mosman's website at [www.mosmanoilandgas.com](http://www.mosmanoilandgas.com).

### 2.2 Corporate information

Mosman was registered as an Australian public company under the Corporations Act on 6 April 2011 as "Mosman Minerals Limited". Mosman changed its name to "Mosman Oil and Gas Limited" on 5 December 2012.

Mosman has five wholly owned Subsidiaries:

- (a) Petroleum Creek Limited (a New Zealand incorporated company);
- (b) Mosman Oil and Gas (NZ) Limited (a New Zealand incorporated company) (**Mosman NZ**);
- (c) Petroleum Portfolio Pty Limited (an Australian incorporated company) (**PPPL**), which owns 25% of the share capital of Australian Petroleum Portfolio Pty Ltd (**APPPL**);
- (d) OilCo (an Australian incorporated company); and
- (e) Trident (an Australian incorporated company).

### 2.3 Overview of Mosman's Activities and Permit Interests

Mosman is currently focused on:

- (a) determining the optimal method for advancing exploration activities in respect to each of its oil and gas exploration permit interests; and
- (b) acquiring interests in additional oil and gas projects,

with the aim of undertaking economic feasible production activities as soon as possible (having regard to the results of its exploration activities).

Currently, Mosman has a total of 10 permits or permit interests in Australia and New Zealand as follows:

Permit	Mosman's Interest	Status	Expiry Date	Size (square km)
<b>Australia</b>				
Officer Basin (STP-EPA-0071)	25%	Application	N/A	22,527
Otway Basin (VIC/P62)	30%	Exploration	10 July 2019	2,480
Amadeus Basin (EP145)	100%	Exploration	21 August 2019	818
Amadeus Basin (EP(A)155)	100%	Application	N/A	378
Amadeus Basin (EP156)	100%	Exploration	6 November 2017	4,164
Canning Basin (EP478)	17.5%	Option	31 January 2017	1,772

Permit	Mosman's interest	Status	Expiry Date	Size (square km)
<b>New Zealand</b>				
Petroleum Creek (PEP 38526)	100%	Exploration	4 September 2017	143
Taramakau (PEP 57067)	100%	Exploration	31 March 2025	990
Murchison (PEP 57068)	100%	Exploration	31 March 2025	517
Piripiri (PEP 57058)	100%	Exploration	31 March 2025	667
<b>TOTAL</b>				<b>34,456</b>

Refer to Sections 2.4 to 2.10 (inclusive), the Independent Technical Asset Report (Annexure B) and Tenement & Title Report (Annexure C) for further details of Mosman's oil and gas project interests and details of Mosman's short term planned exploration expenditure and activities.

## 2.4 Petroleum Creek Project (PEP 38526)

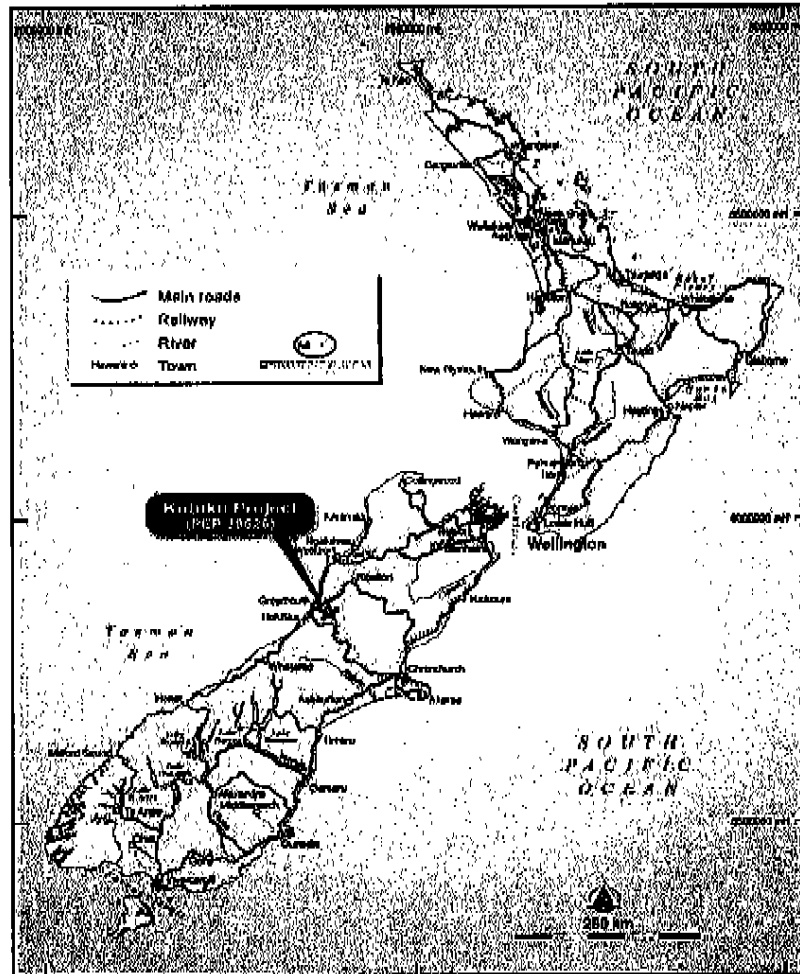
### (a) Overview

Mosman NZ has a 100% interest in exploration permit PEP 38526, which covers a 143.6 square km area located near Greymouth on the South Island of New Zealand (**Petroleum Creek Project**).

### (b) Location and Infrastructure

The PEP 38526 area is located onshore in the Stillwater-Moana area of the west coast of the South Island of New Zealand, east of Greymouth. The Arnold River bisects PEP 38526 and several roads exist within its area including the east-west State Highway 7 in the northern part. Vegetation comprises open farmland pasture, native bush and lowland forest.

The following diagram indicates the location of PEP 38526:



(c) **Exploration Activities and Geology**

Refer to the Independent Technical Asset Report (Annexure B) for details of historical exploration undertaken by other parties in respect to the PEP 38526 area and the underlying geology of that area.

Mosman commenced exploration work on the Project Creek Project in June 2014. Two of the three wells drilled by Mosman, being Cross Roads-1 and Crestal-1, resulted in Discoveries. Subsequent extended flow testing was commenced on each of these wells. The flow testing, which to date has yet to produce commercial quantities of oil, is currently suspended whilst Mosman reviews its available information pertaining to those wells. Mosman intends to resume flow testing in February 2015 by perforating and completing the Cross Roads-1 Cobden Limestone zone (which has not yet been tested) and to also test individual zones at Crestal-1. Exploration activities in respect to Crestal-2, being the third well drilled by Mosman, remain suspended pending further review of the available data, including core analysis.

In December 2014, Mosman announced an upgrade of the Prospective Resources for the Petroleum Creek Project and an initial Contingent Resource.

SRK has also identified over 19 new prospects and leads which extend across the boundary of the Petroleum Creek Project into the Taramakau Permit area.



(d) **Prospective Resources and Contingent Resources**

The following table summarises the Prospective Resources of certain reservoirs located within the PEP 38526 area:

Revised Prospects (as at 2 December 2014)	Unrisked OIIP mmstb			Unrisked Recoverable Oil mmstb		
	P90	P50	P10	P90	P50	P10
Bells Gully	1.0	3.5	14.0	0.2	0.6	2.4
Bells Gully East	1.9	6.8	27.6	0.3	1.2	4.7
Big Nugget	2.4	9.3	39.8	0.3	1.0	4.1
Big Rock	0.6	2.4	10.4	0.0	0.1	0.4
Blair (PC14)	0.7	2.5	10.4	0.1	0.3	1.1
Blair East	0.3	1.1	4.7	0.0	0.1	0.5
Candlelight Creek East	0.6	2.3	9.4	0.1	0.3	1.2
Candlelight Creek	3.5	12.9	53.0	0.5	1.8	6.9
Cliff	0.2	0.8	3.5	0.0	0.1	0.4
Crestal 3	0.3	0.9	4.1	0.0	0.1	0.4
Crossroads South	0.2	0.7	3.0	0.0	0.1	0.4
Down Creek	0.0	0.2	0.7	0.0	0.0	0.1
Jumpup	2.8	10.0	40.3	0.5	1.8	6.8
Killeen	3.9	14.2	59.8	0.5	1.6	6.2
Maori Creek	1.7	5.3	21.1	0.2	0.7	2.7
Ongianui	3.2	10.1	40.4	0.5	1.4	5.2
Ongianui East	1.8	5.9	23.7	0.2	0.7	2.5
Red Jacks	2.0	6.7	24.0	0.4	1.3	4.7
Red Jacks North	3.1	11.6	47.7	0.5	1.6	6.2
Stillwater South	1.9	7.4	29.1	0.3	1.2	4.7
<b>TOTAL</b>	<b>32.0</b>	<b>114.5</b>	<b>466.7</b>	<b>4.7</b>	<b>16.1</b>	<b>61.5</b>

Contingent Resources (barrels) for the Crossroads-1 and Crestal-1 wells are as follows:

Crossroads-1	P90	P50	Mean	P10
Lower 8Mile	850	5,808	15,459	39,713
Cobden	623	2,975	5,770	14,197
<b>TOTAL</b>	<b>1,473</b>	<b>8,783</b>	<b>21,229</b>	<b>53,910</b>

Crestal-1	P90	P50	Mean	P10
Lower 8Mile	1,572	9,485	22,480	57,215
Cobden	1,305	6,272	12,236	30,147
<b>TOTAL</b>	<b>2,877</b>	<b>15,757</b>	<b>34,716</b>	<b>87,362</b>

Note:

- (i) hydrocarbon reserves and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, reserves and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may in turn, adversely affect Mosman's operations; and
- (ii) in respect to Prospective Resources, 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. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

While there may be a significant risk undrilled prospects and leads may not achieve commercial production, it is useful to consider the range of potentially recoverable volumes to determine rationale for expenditure and location of wells.

Prospective Resources are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled. This class represents a higher risk than Contingent Resources since the risk of discovery is also added. For Prospective Resources to become classified as Contingent Resources, hydrocarbons must be discovered, the accumulations must be further

evaluated and an estimate of quantities that would be recoverable under appropriate development projects prepared.

Any estimation of resource quantities for an accumulation is subject to both technical and commercial uncertainties and consequently there will be a range of estimates which in general will be substantially greater for undiscovered accumulations than for discovered accumulations. In all cases, however, the actual range will be dependent on the amount and quality of data (both technical and commercial) which is available for that accumulation. As more data become available for a specific accumulation (for example wells and reservoir performance data) the range of uncertainty would be reduced.

Probabilistic methods are normally used to quantify the uncertainty in these estimated quantities and the results of the analysis are typically presented by stating resource quantities at the following levels of confidence:

- (i) **P<sub>90</sub> resource** reflects a volume estimate that, assuming the accumulation is developed, there is a 90% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a low estimate of resource;
- (ii) **P<sub>50</sub> resource** reflects a volume estimate that, assuming the accumulation is developed, there is a 50% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a median estimate of resource;
- (iii) **P<sub>10</sub> resource** reflects a volume estimate that, assuming the accumulation is developed, there is a 10% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a high estimate of resource; and
- (iv) **P<sub>mean</sub>** is the mean of the probability distribution for the resource estimates. This is often not the same as P<sub>50</sub> as the distribution can be skewed by high resource numbers with relatively low probabilities.

## 2.5 2014 NZ Block Offer Permits (PEP 57067, PEP 57068 and PEP 57058)

### (a) Overview

In December 2014, the New Zealand Government granted to Mosman NZ the following three exploration permits:

- (i) PEP 57067, which covers a 990 square km located on South Island, surrounding PEP 38526 and extending to the south and west (the **Taramakau Permit**);
- (ii) PEP 57068, which covers a 517 square km area located on South Island, approximately 100 kilometres north of PEP 38526 (the **Murchison Permit**); and
- (iii) PEP 57058, which covers a 667 square km area located on North Island, approximately 150 kilometres north east of Wellington (the **Piripiri Permit**),

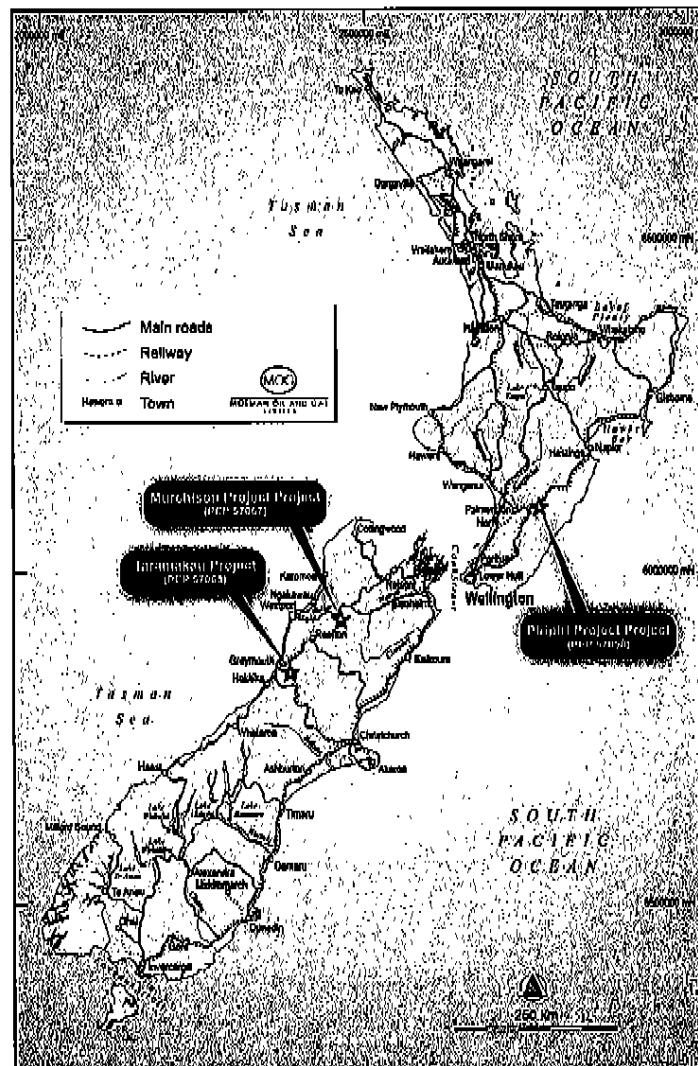
(together the **2014 NZ Block Offer Permits**) after financial and technical qualification and competitive bidding.

Each of the 2014 NZ Block Offer Permits have a commencement date of 1 April 2015 and expire on 31 March 2025.

As at the date of this Bidder's Statement, no Prospective Resources have been identified in respect to the 2014 NZ Block Offer Permits.

(b) **Location and Infrastructure**

The following diagram indicates the location of the 2014 NZ Block Offer Permits:



(c) **Exploration Activities and Geology**

Refer to the Independent Technical Asset Report (Annexure B) for details of historical exploration undertaken by other parties in respect to the 2014 NZ Block Offer Permits areas and the underlying geology of those areas.

Although the New Zealand Government awarded the 2014 NZ Block Offer Permits to Mosman NZ in December 2014, Mosman NZ's access rights do not commence until 1 April 2015.

Mosman is currently collating and studying the extensive data (including well and seismic data) for the Taramakau Permit area and intends to acquire seismic data in 2015 for the purposes of defining drilling locations.

Mosman also intends to drill an exploration well in the Murchison Permit area.

## 2.6 Officer Basin Project (STP-EPA-0071)

### (a) Overview

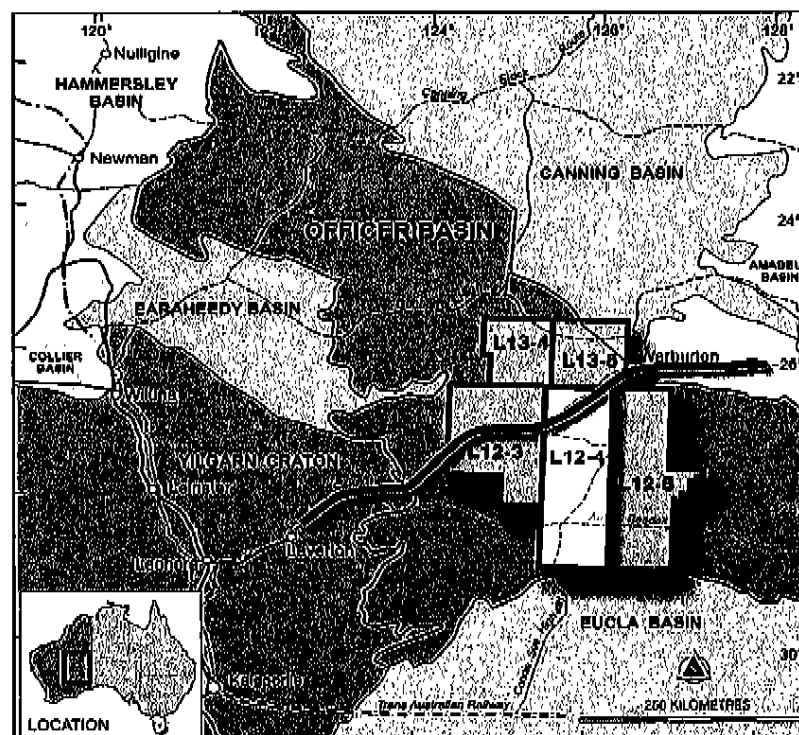
Mosman has a 25% investment interest (via its 25% ownership of APPPL) in an application for exploration permit STP-EPA-0071, located in the Western Australian part of the Officer Basin, which covers a 22,527 square km land holding with significant exploration potential (**Officer Basin Project**). The Officer Basin Project is located in one of the more explored parts of the Officer Basin and offers both conventional and unconventional potential with hydrocarbon shows reported.

STP-EPA-0071 will only be granted by the Minister after Native Title Act requirements are satisfied, which include matters concerning heritage clearance, land access and other traditional land owner rights. Native title negotiations with respect to STP-EPA-0071 are actively continuing.

### (b) Location and Infrastructure

The 22,527 square km area the subject of STP-EPA-0071 (previously L12-4) is in the Western Australian part of the Officer Basin and lies in the Vernon, Lennis and part of the Talbot Areas, south of the town of Warburton. The STP-EPA-0071 area is located 1,250 km northeast of Perth in a largely flat terrain with reasonable access in the dry season.

The following diagram indicates the location of STP-EPA-0071:



The Goldfields gas transmission pipeline extends from the North West Shelf to Esperance on the south coast at a distance of approximately 300 km to the west. Potential markets or delivery points for commercial discoveries could include mining centres along the pipeline, Alice Springs, and southern ports. Oil and gas production, with associated infrastructure, exists in the Mereenie area of the Amadeus Basin in the Northern Territory.

(c) **Exploration Activities and Geology**

Refer to the Independent Technical Asset Report (Annexure B) for details of historical exploration undertaken by other parties in respect to the Officer Basin Project area and the underlying geology of that area.

Exploration activities in respect to the Officer Basin Project will commence subsequent to the conclusion of native title negotiations and the formal grant of STP-EPA-0071.

## 2.7 Otway Basin Project (VIC/P62)

(a) **Overview**

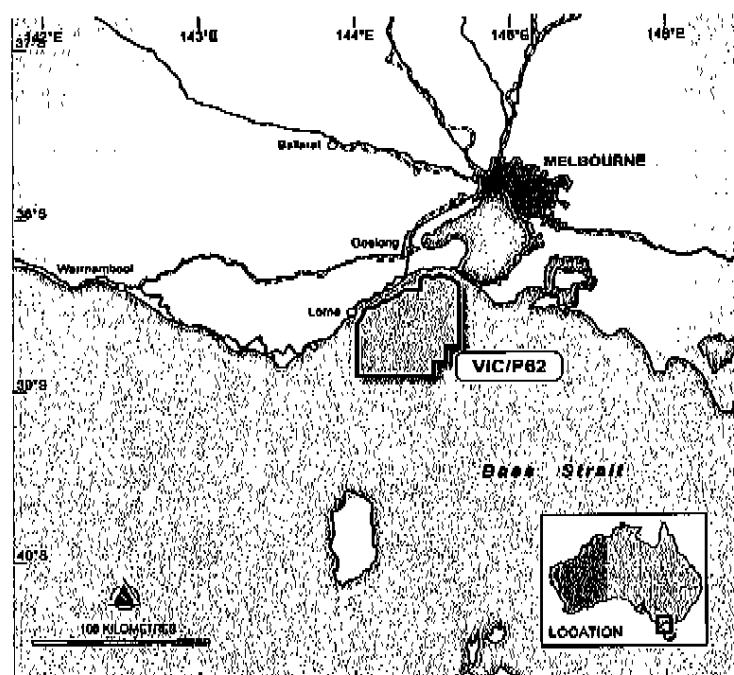
Mosman, via its wholly owned subsidiary, Trident, owns 30% of VIC/P62 in the Otway Basin (**Otway Basin Project**).

VIC/P62 was granted in 2005 and was renewed on 11 July 2014 for five years.

(b) **Location and Infrastructure**

VIC/P62 is located in relatively shallow water in the Torquay Sub-Basin which is part of the eastern Otway Basin in South Eastern Australia and is located 100km from south west Melbourne.

The following diagram indicates the location of VIC/P62:



(c) **Exploration Activities and Geology**

Refer to the Independent Technical Asset Report (Annexure B) for details of historical exploration undertaken by other parties in respect to the VIC/P62 area and the underlying geology of that area.

The 70% permit holder, Loyz Oil Australia Pty Ltd (**Loyz**), funded a 3D seismic survey in 2013 at a cost of in excess of A\$4,500,000.

Mosman is integrating the 3D seismic data obtained in 2013 into the Otway Basin model studies with an intention to define and de-risk the prospects and leads prior to a decision to farmout or commence drilling in 2017.

**2.8 Amadeus Basin Projects (EP145, EP156 and EP(A)155)**

(a) **Overview**

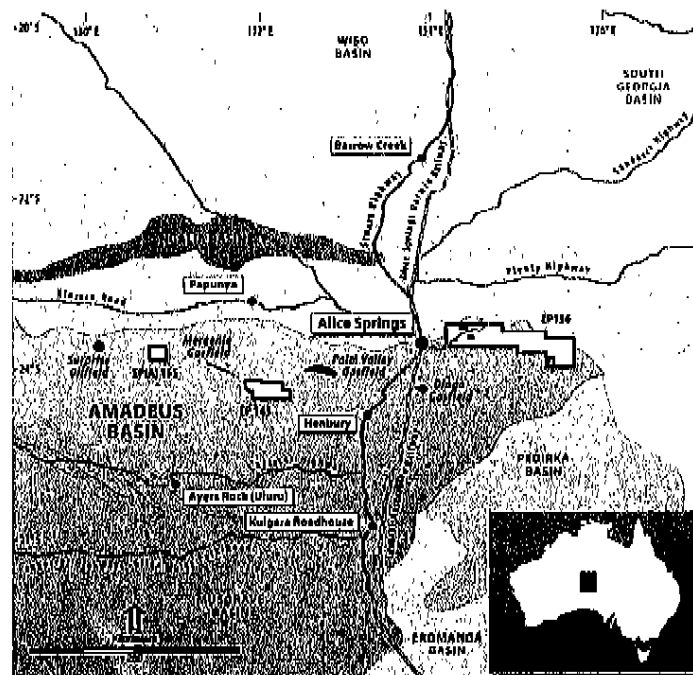
Mosman, via its wholly owned subsidiaries, Trident and OilCo, owns two granted exploration permits, EP145 and EP156, and has one exploration permit application, EP(A)155, in the Amadeus Basin in Central Australia, which cover a total of 5,360 square km (**Amadeus Basin Projects**).

EP(A)155 is an exploration permit application. As such it is subject to successful land access negotiation with the traditional owners prior to the grant of the permit.

As at the date of this Bidder's Statement, no Prospective Resources have been identified in the Amadeus Basin Projects.

(b) **Location and Infrastructure**

The following diagram indicates the location of the permits comprising the Amadeus Basin Projects:



(i) **EP145 – West Walker – Tent Hill**

The 818 square km EP145 contains a significant anticline (named West Walker), of over 30 km in length.

(ii) **EP156 – Eastern Amadeus**

Located in the Northern Territory of Australia, EP156 covers an area of 4,164 square km.

(iii) **EP(A)155 – Mount Winter**

Located 135 kilometres from EP156, within the prime Horn Valley Siltstone fairway between the Mereenie and Surprise Oil Fields, EP(A)155 covers 378 square km.

(c) **Exploration Activities and Geology**

Refer to the Independent Technical Asset Report (Annexure B) for details of historical exploration undertaken by other parties in respect to the EP145, EP156 and EP(A)155 areas and the underlying geology of those areas.

Recent field work in the EP156 permit area has provided valuable insights and Mosman will analyse these results prior to acquisition of seismic data and drilling. In respect to EP145, Mosman intends to commence exploration in 2015.

Given that EP(A)155 is yet to be granted, Mosman has yet to undertake any exploration activities in respect to EP(A)155.

## 2.9 **Canning Basin Permit (EP478)**

(a) **Overview**

Mosman, via its wholly owned subsidiary, Trident, has the right to farm-in to 17.5% of exploration permit EP478 (**Canning Basin Permit**), which is held by Buru Energy (Acacia) Pty Ltd and Buru Energy Limited (together **Buru**), by funding 25% of the first well pursuant to a farm-in agreement (refer to Section 2.13(e)).

Apache Energy Limited has an option to take up to a 40% in interest in the Canning Basin Permit, subject to the exercise of Trident's pre-emptive rights.

As at the date of this Bidder's Statement, no Prospective Resources have been identified in the Canning Basin Permit area.

(b) **Location and Infrastructure**

The Canning Basin Permit is located in the Canning Basin of Western Australia and covers an undrilled large structure and other structures on a proven petroleum system.

(c) **Exploration Activities and Geology**



Refer to the Independent Technical Asset Report (Annexure B) for details of historical exploration undertaken by other parties in respect to the Canning Basin Permit area and the underlying geology of that area.

Mosman has not yet commenced any exploration activities in respect to Canning Basin Permit. However Mosman and Buru are reviewing the seismic data for the Canning Basin Permit area and will decide whether to commence drilling in 2015. Mosman will then decide whether or not to exercise its farmin option.

## 2.10 Mosman's Proposed Expenditure Program and Strategic Plans

As at the date of this Bidder's Statement, the Mosman Group has cash reserves of approximately A\$2,260,000. Refer to the Investigating Accountant's Report (Annexure A) for details of Mosman's financial information.

The Mosman Board believes its current cash reserves will be adequate to fund its operation and expenditure requirements for the 2015 calendar year and will be sufficient to maintain its corporate and administration expenses until 30 September 2015.

The expected use of funds for the period between the date of this Bidder's Statement and 30 September 2015 is as follows:

Expense	Amount
<b>Exploration Expenses<sup>1</sup></b>	
• EP145 – exploration and acquisition of seismic data <sup>2</sup>	A\$160,000
• VIC/P62 – integrating the 3D seismic data obtained in 2013 into the Otway Basin model studies with an intension to define and de-risk the prospects and leads prior to a decision to farmout or commencing drilling in 2017 <sup>3</sup>	A\$75,000
• PEP 38526 – flow testing and acquisition of additional seismic data to define future drilling locations <sup>4</sup>	A\$200,000
• Exploration and technical consultants	A\$261,000
<b>Corporate and administrative expenses</b>	<b>A\$880,000</b>
<b>Expenses of the Offer<sup>5</sup></b>	<b>A\$648,000</b>
<b>TOTAL<sup>6</sup></b>	<b>A\$2,224,000</b>

**Notes:**

- (1) Refer to the table below in this Section 2.10 for details in respect to Mosman's estimated exploration commitments.
- (2) Refer to Section 2.8 for further details.
- (3) Refer to Section 2.7 for further details.
- (4) Refer to Section 2.4 for further details.
- (5) Refer to Section 9.10 for further details in respect to the expenses of the Offer.
- (6) If Mosman is not required to obtain Mosman Shareholder approval of the Offer and does not have to publish an AIM admission document for the purposes of Rule 14 of the AIM Rules (refer to Sections 3.3(b) and 10.13), the expenses of the Offer will be approximately A\$315,000.

Mosman will, during the Offer Period, seek to raise additional funds by way of equity capital raisings for the purposes of funding its medium to long term operation and expenditure requirements. Any such equity capital raisings will be completed prior

to the publication of an AIM admission document which may be required if Mosman requires Mosman Shareholder approval for the acquisition of the MEO Shares under the Offer for the purposes of Rule 14 of the AIM Rules. Refer to Sections 3.3(b) and 10.13 for further details.

The above estimated expenditures will be subject to modification on an ongoing basis depending on the results obtained on the exploration activities of the Mosman Group. Due to market conditions, the development of new opportunities or any number of other factors (including the risk factors outlined in Section 8), actual expenditure levels may differ significantly to the above estimates. Mosman also intends to capitalise on other opportunities as they arise which may result in costs being incurred that are not included in the above estimates.

As at the date of this Bidder's Statement, the Mosman Board estimates that the Mosman Group's required exploration expenditures in respect to its oil and gas permits or permit interests (in order to maintain the tenure of those interests) are as follows:

Permit	Permit Year	Calendar Year					
		2015	2016	2017	2018	2019	2020
EP156 <sup>1</sup>	3	NII	A\$375,000	A\$3,000,000	A\$375,000	NII	NII
EP145 <sup>2</sup>	1	A\$160,000	NII	A\$400,000	A\$126,000	NII	NII
EP(A)155 <sup>3</sup>	N/A	NII	NII	NII	NII	NII	NII
EP478 <sup>4</sup>	3	NII	NII	NII	NII	NII	NII
VIC/P62 <sup>5</sup>	1	A\$75,000	A\$150,000	NII	NII	NII	NII
STA-EPA-0071 <sup>6</sup>	N/A	NII	NII	NII	NII	NII	NII
PEP 38526 <sup>7</sup>	8	A\$200,000	NII	NII	NII	NII	NII
PEP 57058 <sup>8</sup>	1	NII	NII	A\$300,000	A\$100,000	Contingent	NII
PEP 57067 <sup>9</sup>	1	NII	A\$650,000	A\$700,000	A\$700,000	Contingent	Nil
PEP 57068 <sup>10</sup>	1	NII	NII	A\$1,370,000	A\$500,000	Contingent	NII
<b>Total</b>		<b>A\$435,000</b>	<b>A\$1,175,000</b>	<b>A\$5,770,000</b>	<b>A\$1,801,000</b>	<b>NII</b>	<b>NII</b>

Notes:

- (1) Assuming 12 month suspension of Year 3 and farmout or relinquishment after Year 3. Refer to Section 2.8 for further details.
- (2) Assuming 12 month suspension of Year 2 and farmout of exploration well. Refer to Section 2.8 for further details.
- (3) Yet to be granted. Refer to Section 2.8 for further details.
- (4) Refer to Section 2.9 for further details.
- (5) Refer to Section 2.7 for further details.

- (6) Refer to Section 2.6 for further details.
- (7) Work program for the next permit year was satisfied by the exploration well drilled in 2014. Refer to Section 2.4 for further details.
- (8) Initial commitments are within the first 24 months to 31 March 2017. Refer to Section 2.5 for further details.
- (9) Initial commitments are within the first 12 months to 31 March 2016. Refer to Section 2.5 for further details.
- (10) Initial commitments are within the first 24 months to 31 March 2017. Refer to Section 2.5 for further details.

Mosman will actively determine which of the above permits or permit interests it will maintain or relinquish depending on the results of the exploration and seismic data acquired and its ability to raise further equity funding. Mosman may seek to maintain an interest via farm-in/joint venture arrangements with third parties in order to have such third parties assume all or part of the above detailed expenditure requirements.

## 2.11 Mosman Financial Information

Refer to the Investigating Accountant's Report (Annexure A) for details of Mosman's historical financial information and a pro-forma statement of financial position for the Combined Entity.

## 2.12 Mosman Directors and Officers

Details of the responsibilities and experience of the Mosman Directors (as at the date of this Bidder's Statement) are detailed in Mosman's 2014 annual report, a copy of which is available on request or for download from Mosman's website at [www.mosmanoilandgas.com](http://www.mosmanoilandgas.com).

Mosman has a strong board, with each of the Mosman Directors having extensive international experience in the oil and gas and resource sectors, and being experienced in the evaluation of oil and gas assets, in raising funds on international capital markets, in evaluating acquisitions and investment prospects and in the day to day management of public companies.

A brief summary of each of the Mosman Directors and officers is detailed below.

### **John W Barr, B.Bus (Acc.), CA, FAICD, Executive Chairman**

Mr Barr is a Chartered Accountant and Fellow of the Australian Institute of Company Directors and has acted as a director of listed and unlisted companies for over 30 years. He has extensive Australian and international experience with exposure to manufacturing, mining and mineral exploration and development in respect to several commodities.

Mr Barr specialises in the management of private and public companies including advice on capital raisings, mergers and acquisitions, negotiating onshore and offshore acquisitions and joint ventures, negotiating commodity based funding, and compliance with corporate and stock exchange requirements.

### **Andrew Carroll, BA, MA (Engineering) Cambridge, Technical Director**

Mr Carroll has over 30 years of oil industry experience, from permit applications and initial exploration operations including drilling, to development, production and marketing of oil and gas. Initially worked at BP and led the E&P division of InterOil Corporation from applying for permits to discovery of a new petroleum system in Papua New Guinea which includes the Elk/Antelope gas condensate field now being developed for LNG, taking the company from start-up to a billion dollar market capitalisation.

International experience includes UK, Canada, Australia, NZ and Papua New Guinea. Currently founder and Managing Director of Australasian Energy Pty Ltd and Director of ASX listed High Peak Royalties Ltd. Previous roles include Executive Chairman of Ausam Resources and Managing Director of ASX listed Great Artesian Oil and Gas Limited (merged with Drillsearch Limited ASX:DLS).

**John Young, B App Sc (Geol), Grad Dip Tech Management, MAUSIMM, Non-Executive Director**

Mr Young is a geologist with 25 years experience in resource project management and corporate management. He is a Member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors and has worked on wide variety of mineral and resource projects throughout Australia and overseas. In addition, Mr Young has held senior management and operational positions. He is currently Exploration Manager of Arunta Resources Limited and Pilbara Minerals Limited both exploration companies listed on the ASX.

**Zane Lewis, Bachelor of Economics (UWA), Company Secretary**

Mr Lewis is an associate member of Chartered Secretaries Australia Governance Institute of Australia and is also a non-executive director of 8 Investments Limited and GRP Group Limited and Company Secretary for ASX listed Lion Energy Limited and APAC Coal Limited. Mr Lewis has over 20 years experience and leadership of small cap multinational companies. Mr Lewis' skillset includes corporate advisory roles with ASX companies and unlisted companies as well as extensive international experience managing the Commtech Wireless Group of software and technical companies in USA, Europe, Hong Kong, China and Australia.

## **2.13 Material contracts**

### **(a) Mosman Directors' Contracts**

#### **(i) John W Barr**

Mr Barr was appointed as a Mosman Director on 6 April 2011 and he holds the position of "Executive Chairman". Mr Barr's services as an executive are contracted pursuant to an agreement between Mosman and Mr Barr's nominee, Kensington Advisory Services Pty Ltd (**Kensington**) dated 16 January 2015. In accordance with that agreement, Mr Barr must provide a minimum of 12 days per month of service to Mosman for a retainer of A\$15,000 per month. In addition, if required, additional services will be provided at a daily rate of A\$1,250 per day.

Mosman or Kensington may terminate the agreement for any reason by providing six months written notice to the other. Where Mosman or Kensington gives such notice, Mosman may pay Kensington in lieu of requiring the services or may require the services to be provided for the length of the six month notice period (or part thereof) (less any taxation required by law) and Kensington will accept that amount in full and final satisfaction of all claims by Kensington or Mr Barr against Mosman or the Mosman Group arising from or in connection with the agreement

or the provision of the services pursuant to the terms and conditions of the agreement.

In addition, Mr Barr receives an annual fee for acting as the Executive Chairman of Mosman of A\$60,000 payable quarterly. Mr Barr's appointment as a Mosman Director is subject to the terms of the Constitution and the application provisions of the Corporations Act.

(ii) **Andrew Carroll**

Mr Carroll was appointed as a Mosman Director on 25 February 2013 and he holds the position of "Technical Director". Mr Carroll's services as an executive are contracted pursuant to an agreement between Mosman and Mr Carroll's nominee, Australasian Energy Pty Ltd (**Australasian Energy**) 19 January 2015. In accordance with that agreement, Mr Carroll must provide a minimum of five days per month of service to Mosman for a retainer of A\$10,000 per month. In addition, if required, additional services will be provided at a daily rate of A\$2,000 per day.

Mosman or Australasian Energy may terminate the agreement for any reason by providing six months written notice to the other. Where Mosman or Australasian Energy gives such notice, Mosman may pay Australasian Energy in lieu of requiring the services or may require the services to be provided for the length of the six month notice period (or part thereof) (less any taxation required by law) and Australasian Energy will accept that amount in full and final satisfaction of all claims by Australasian Energy or Mr Carroll against Mosman or the Mosman Group arising from or in connection with the agreement or the provision of the services pursuant to the terms and conditions of the agreement.

In addition, Mr Carroll receives an annual fee for holding the position of Technical Director of A\$30,000 payable quarterly. Mr Carroll's appointment as a Mosman Director is subject to the terms of the Constitution and applicable provisions of the Corporations Act.

(iii) **John Young**

Mr Young was appointed as a Mosman Director on 6 April 2011. Pursuant to an agreement dated 14 June 2011 it was agreed Mr Young will be paid A\$40,000 per annum payable quarterly in arrears. The parties subsequently agreed to reduce this amount to A\$30,000.

Mr Young's appointment is subject to the terms of the Constitution and the applicable provisions of the Corporations Act.

Mr Young provides consultancy services to Mosman pursuant to a consultancy agreement between Mosman, Mr Young's nominee, Metallon Resources Pty Ltd (**Metallon**), and Mr Young dated 25 May 2014.

This agreement commenced on 1 June 2014 and continues until terminated by either Mosman or Metallon by giving the other more than three months written notice.

(b) **APPPL Shareholders' Agreement**

Mosman's wholly owned subsidiary, PPPL, entered into a shareholders' agreement dated 17 December 2013 with Palatine Energy Pty Ltd (**Palatine Energy**) and Mr Carroll to regulate the operation and management of APPPL (**APPPL Shareholders' Agreement**).

Key terms of the APPPL Shareholders' Agreement are as follows:

- (i) APPPL shareholders (being PPPL holding 25% of the APPPL shares, Palatine Energy holding 50% of the APPPL shares and Mr Carroll holding 25% of the APPPL shares) are required to contribute on a pro-rata basis to the funding of the A\$14,540,000 business plan in relation to the exploration activities of the Officer Basin Project over approximately six years;
- (ii) Mr Carroll will vote his personal shares in APPPL in accordance with PPPL's instructions while he is a Mosman Director;
- (iii) in the event that an APPPL shareholder is unable to meet their share of the above funding obligation, that APPPL shareholder shall transfer to the other contributing APPPL shareholder or shareholders 0.625% of the total of their shareholding for every A\$100,000 of expenditure obligation incumbent upon them that is met by the other shareholder(s); and
- (iv) the APPPL shareholders will take all steps and do all things necessary to ensure that the APPPL carries on its business in a normal, proper and efficient manner and in the ordinary course, including but not limited to, ensuring that APPPL is adequately funded so as to maintain STP-EPA-0071 in good standing and to ensure that APPPL remains solvent.

(c) **Trident and Loyz Joint Venture Agreement**

On 26 November 2011, Trident entered into a joint operating agreement with Loyz in respect to the Otway Basin Project (refer to Section 2.7) (**Joint Venture Agreement**).

The key terms of the Joint Venture Agreement are as follows:

- (i) the operator of the joint venture is Loyz;
- (ii) other than during the farmin stage, each party votes in accordance with its respective percentage share from time to time;
- (iii) the operator is fully indemnified by each of Loyz and Trident against all loss; and
- (iv) each of Loyz and Trident must enter into a deed of cross security to secure payment of cash calls and to secure payment to each

other of any amount due and payable under the Joint Venture Agreement. A deed of cross security was entered into between Loyz and Trident 27 July 2012.

(d) **Deeds for Exploration**

(i) **EP145**

On 9 June 2013, Trident entered into a deed for exploration with the Central Land Council in respect to the exploration permit EP145 (**EP145 Deed for Exploration**).

The key terms of the EP145 Deed for Exploration are as follows:

- (A) Trident must pay to the Central Land Council, as compensation for damage and disturbance caused or likely to be caused to the EP145 permit area and to the traditional Aboriginal landowners, the greater of:
- (1) A\$40,000;
  - (2) if exploration costs were less than A\$2,000,000, 5% of actual exploration costs expended;
  - (3) if exploration costs exceeded A\$2,000,000 but were less than A\$5,000,000, the sum of A\$100,000 plus 3% of actual exploration costs in excess of A\$2,000,000 expended;
  - (4) if exploration costs exceeded A\$5,000,000 but were less than A\$10,000,000, the sum of A\$190,000 plus 1.5% of actual exploration costs in excess of A\$5,000,000 expended; and
  - (5) if exploration costs exceeded A\$10,000,000, the sum of A\$265,000 plus 0.5% of actual exploration costs in excess of A\$10,000,000 expended;
- (B) Trident must make the above payment:
- (1) within 14 days after the date of the EP145 Deed for Exploration; and
  - (2) by 28 February in each following year;
- (C) Trident must by 30 April in each following year issue an auditor's statement showing details of all exploration costs and the calculation of the exploration payment due for the previous calendar year. Where this amount exceeds the above payment, Trident must pay the difference at the same time as delivering the auditor's statement;

- (D) Trident must provide a work program in respect to the EP145 permit area to the Central Land Council for their approval;
- (E) if Trident commits a serious default of the EP145 Deed for Exploration that is not capable of remedy and fails to pay compensation to the Central Land Council, the Central Land Council may terminate Trident's right to carry out exploration activities in the EP(A)145 permit area;
- (F) to secure Trident's obligations under the exploration permit and the EP145 Deed for Exploration until at least six months after the expiry of exploration permit EP145:
  - (1) within one month after approval of the first work program, Trident must provide security by way of a letter of credit in the sum of A\$50,000; and
  - (2) within one month after approval of the second Work program, Trident must provide security by way of a letter of credit in the sum of A\$100,000, or such other agreed amount; and
  - (3) within one month after approval of the third work program, Trident must provide security by way of a letter of credit in the sum of an agreed amount;
- (G) Trident must appoint three members (one of which must be Trident's managing director) to the liaison committee with the Central Land Council and Aboriginal landowners, with the first meeting to be held within six months of the date of the grant of the exploration permit and thereafter annually; and
- (H) Trident and the Central Land Council must enter into an agreement for the grant of a production licence. The agreement will detail the royalty payable by Trident to the Central Land Council.

(ii) **EP156**

On 24 September 2014, OilCo and the Central Land Council entered into a deed for exploration in respect to exploration permit EP156 (**EP156 Deed for Exploration**).

The key terms of the EP156 Deed for Exploration are as follows:

- (A) the Aboriginal Owners may pursue customary and traditional activities provided such activity does not unreasonably interfere with OilCo's exploration activities or jeopardise the health and safety of OilCo's personnel, invitees or permitted visitors and OilCo must take reasonable steps to minimise any interference by their



- personnel with the exercise of customary and traditional activities by the Aboriginal Owners;
- (B) the Aboriginal Owners agree to OilCo accessing and occupying the EP156 permit area for the purposes of undertaking the exploration activities in accordance with the EP156 Deed for Exploration;
  - (C) the Aboriginal Owners acknowledge consent to the grant of exploration permit EP156 (including all renewals and substitutions and the grant of a retention licence) and all exploration activities undertaken on the EP156 permit area and the Central Land Council covenants not to challenge, nor support any party to challenge the validity of exploration permit EP156 (including all renewals and substitutions and the grant of a retention licence) by way of lodging an objection on behalf of the Aboriginal Owners (nor support any party to do so) to the renewal or otherwise;
  - (D) OilCo must promptly provide the Central Land Council with copies of all material applications (including applications for a retention licence or the renewal of exploration permit EP156), submissions and reports made by OilCo to the Northern Territory Government under the Petroleum Act NT, corresponding material responses received by OilCo and authorisations granted to OilCo
  - (E) OilCo must design and conduct the exploration activities so as to minimise any adverse effect on the environment and must comply with any environmental condition attaching to exploration permit EP156 and all other applicable laws relating to environmental protection and rehabilitation;
  - (F) OilCo agrees to engage appropriately qualified local Aboriginal people and assist in training local Aboriginal people to develop their skills;
  - (G) OilCo must provide a work program to the Central Land Council at least once a year in respect of all exploration activities it proposes to undertake and a sacred site clearance application in respect of the whole or part of the work program (if any). OilCo must not undertake any exploration activity unless the Central Land Council has issued a current Sacred Site Clearance Certificate to OilCo in respect of the relevant work program;
  - (H) OilCo must comply with any direction or condition in relation to the protection of sacred sites, sacred objects or Aboriginal improvements on the EP156 permit area and must pay for all of the reasonable costs relating to the repair or restoration of any disturbance to any such sacred site, sacred object or Aboriginal improvement and

damages for the loss of the use or benefit of that Aboriginal improvement;

- (I) OilCo must pay to the Central Land Council a minimum annual payment and provide to the Central Land Council a statement setting out OilCo's exploration costs for the relevant period verifiable against OilCo's annual report for exploration permit EP156 to the Northern Territory Government. OilCo must also pay to the Central Land Council the excess amount (if any) for any period in which the exploration compensation is greater than the minimum payment calculated as a percentage of certain annual exploration costs. Any such payment to the Central Land Council may be offset against any mining withholding tax payable by OilCo under the EP156 Deed for Exploration;
- (J) the parties agree that there will be ongoing communication and liaison between them for the purpose of progressing the project and liaison meetings will be from time to time, which will be open to any Aboriginal Owner to attend;
- (K) if OilCo commits a serious default of the EP156 Deed for Exploration that is not capable of remedy and fails to pay compensation to the Central Land Council, the Central Land Council can terminate the EP156 Deed for Exploration; and
- (L) OilCo must provide the Central Land Council with at least 40 business days notice of OilCo's intention to apply for a production licence whereupon the parties will enter into negotiations in good faith as to the terms and conditions of a production agreement governing OilCo's recovery of petroleum on any part of the EP156 permit area pursuant to the production licence.

(e) **Farmin Agreement**

On 14 September 2012, Trident entered into a farmin agreement with Buru in respect to Trident's entitlement to earn a 17.5% interest in the Canning Basin Permit held by Buru and Buru Acacia (**Farmin Agreement**).

The key terms of the Farmin Agreement are as follows:

- (i) Trident will be entitled to earn a 17.5% interest in the Canning Basin Permit if it elects to participate in the well to be nominated by Buru to be included in a work program and drilled during 2011 (the **Nominated Well**) by paying 25% of the costs of that well;
- (ii) if Buru does not nominate the Nominated Well, Trident has the right to earn a 17.5% in the Nominated Well by electing to participate in the well scheduled to be drilled during 2012 (subject to suspension and extension of the permit work program) as part

of the minimum work program for the permit (the **MWP Well**) by paying 25% of the costs of that well; and

- (iii) if Trident elects not to participate in the MWP Well, the Farmin Agreement will terminate.

(f) **Nomad Agreement**

Mosman and ZAI Corporate Finance Limited (**ZAI**) entered into a nomad agreement dated 13 March 2014 (**Nomad Agreement**) pursuant to which Mosman appointed ZAI to act as its nominated adviser for the purposes of the AIM Rules. Pursuant to the Nomad Agreement, Mosman agreed to pay ZAI an ongoing nominated advisory fee of £50,000 per annum from admission of the Mosman Shares to trading on AIM payable quarterly in advance on each quarter day (being 24 March, 25 June, 29 September and 25 December), the first such fee being due on the signature of the Nomad Agreement and covering the period to the first quarter date, pro-rata. The retainer fee is subject to annual review.

The Nomad Agreement contains standard warranties, undertakings and indemnities given by Mosman to ZAI.

A party may terminate the Nomad Agreement on giving the other party not less than three months' written notice in writing not to expire before the date falling 12 months after admission of the Mosman Shares to trading on AIM.

The Nomad Agreement also contains a list of various events which entitle each party to terminate the appointment immediately on written notice.

## 2.14 **Competent Person's Statement**

The information in this Section 2 and elsewhere in this Bidder's Statement that relates to Mosman's technical information and reserves and resource reporting is based on and fairly represents information and supporting documentation that has been prepared and/or compiled by Dr. Bruce McConachie, Principal Consultant for SRK. Dr. McConachie has a PhD (Geology) from QUT and is a member of AusIMM, AAPG, PESA and SPE. Dr. McConachie has given his consent as of the date of this Bidder's Statement to the inclusion of this statement and the information in the form and the context in which they appear in this Bidder's Statement.

### 3. Information about Mosman Shares

#### 3.1 Form of Offer Consideration and AIM Trading Ability

Mosman Shares are admitted to trading on AIM, a market operated by the London Stock Exchange. Mosman is not admitted to the Official List of the ASX. If you accept the Offer you will be issued with Mosman Shares. Application will be made for the Mosman Shares issued pursuant to your acceptance of the Offer to be admitted to trading on AIM.

All MEO Shareholders who accept the Offer will, if the Conditions are satisfied or waived, receive Mosman Shares in certificated form, i.e. accepting MEO Shareholders will be issued a "share certificate" evidencing their holding of Mosman Shares.

In order to be able to trade Mosman Shares on AIM, MEO Shareholders will need to convert their certificated Mosman Shares into "depository interests" to facilitate trading via CREST.

CREST is a UK computerised paperless share transfer and settlement system which allows shares and other securities to be held in electronic rather than paper form and transferred otherwise than by written instrument. CREST is a voluntary system and those who wish to continue to hold their Mosman Shares in certificated form will be able to do so (although this will preclude the holder from being able to trade those Mosman Shares on AIM).

Mosman has appointed its UK share registry, Computershare Investor Services plc, as its "depository" (**Depository**) to hold and issue "depository interests" in respect of, and representing, on a one-for-one basis, Mosman Shares (**Mosman DIs**).

Holders of Mosman DIs will have the same rights as holders of Mosman Shares (refer to Section 3.4), including but not limited to, the right to:

- (a) receive notices of meetings and other notices issued by Mosman;
- (b) exercise the voting rights attached to the underlying Mosman Shares; and
- (c) receive any dividends paid by Mosman from time to time with Mosman Shareholders.

The Mosman DIs will be independent securities and will be held on a register maintained by the Depository.

The Mosman DIs will have the same security code and international securities identification number as the underlying Mosman Shares which they represent and will not require a separate admission to trading on AIM.

MEO Shareholders wishing to hold Mosman DIs in CREST will be required to wait until they have received their certificate for Mosman Shares and then engage the services of a stockbroker with a CREST position, to convert those certificated Mosman Shares to Mosman DIs.

MEO Shareholders can either contact an authorised UK stockbroker and establish an account with them or, alternatively, several Australian stockbrokers have existing accounts with UK stockbrokers that they can utilise for the purpose of trading in AIM

securities (such as Mosman DIs) by their clients. Upon request, Mosman can provide contact details for such stockbrokers in the UK and Australia which can facilitate trading of Mosman DIs on AIM.

If MEO Shareholders have any questions in relation to CREST or Mosman DIs they should contact Computershare Investor Services Pty Limited (Mosman's Australian share registry) on +61 (03) 9415 4000 (from outside Australia) or 1300 850 505 (from within Australia).

### **3.2 Settlement and dealing**

#### **(a) Dealings**

There are no costs charged by AIM for dealing. Other costs such as stamp duty are charged at 0.5% of the consideration payable and are borne by the transferee together with brokerage costs which vary and are freely negotiable.

#### **(b) Settlement**

Settlement of dealings through CREST in respect of securities admitted to trading on AIM will normally take place on the third business day (being a day on which London Stock Exchange plc is open for business) following the date of dealing.

### **3.3 Australian law and AIM Rule requirements**

Mosman is an Australian incorporated public company and is quoted on AIM. Accordingly, Mosman is required to comply with the requirements of the AIM Rules and the laws of Australia in connection with the Offer, including those obligations and requirements detailed below.

#### **(a) Disclosure of substantial transactions**

The Offer is currently not considered to be a "substantial transaction" for the purposes of the AIM Rules. However, if there is a material change to the terms of the Offer which results in the Offer being considered a "substantial transaction", Mosman may be required to provide an announcement for distribution to the public (via a Regulatory Information Service provider) setting out the information required by Schedule Four to the AIM Rules, including particulars of MEO and the Offer.

#### **(b) Reverse takeover**

As the Offer is for 100% of the Issued share capital of MEO, it is currently considered to be a "reverse takeover" for the purposes of the AIM Rules as it exceeds 100% of certain class tests prescribed by the AIM Rules.

If the minimum acceptance Condition (refer to Section 10.11) is satisfied or waived, then:

- (i) Mosman Shareholder approval of the Offer will be required (which is currently a Condition); and
- (ii) Mosman will be required to publish an AIM admission document,

save that if Mosman waives the minimum acceptance Condition and will not acquire such number of MEO Shares so as to trigger a "reverse takeover" under the relevant AIM Rules class tests, it will not be required to obtain the approval of Mosman Shareholders and publish an AIM admission document. Based on discussions to date with AIM, 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 36% or less of the MEO Shares the subject of the Offer (based on the current publically available financial information for MEO and Mosman). In such circumstances Mosman will also waive the Mosman Shareholder approval Condition.

Refer to Section 6 for details of Mosman's intentions depending on the level of acceptances of the Offer.

If Mosman requires Mosman Shareholder approval for the acquisition of the MEO Shares under the Offer for the purposes of Rule 14 of the AIM Rules (having regard to the level of acceptances and application of the relevant AIM Rules class tests), Mosman 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. Mosman will send each MEO Shareholder a formal notice of extension of the Offer Period. Refer to Section 10.13 for further details.

(c) **Application of takeover regulations**

As an Australian-registered public company, Mosman is subject to Chapters 6 of the Corporations Act dealing with the acquisition of shares (i.e. takeovers).

The UK City Code on Takeovers and Mergers (the **City Takeover Code**) does not apply to Mosman as its registered office is not in the United Kingdom, the Channel Islands or the Isle of Man.

### **3.4 Rights and liabilities of Mosman Shares**

The Mosman Shares offered to MEO Shareholders under the Offer are fully paid ordinary shares in the capital of Mosman, and from the date of their issue will rank equally with existing Mosman Shares and will have the same rights and liabilities attaching to them.

The rights and liabilities attaching to Mosman Shares are governed by the Constitution and the general law of Australia.

A summary of the significant rights and liabilities attaching to Mosman Shares is as follows:

(a) **General meetings**

- (i) The Mosman Board will convene and Mosman will hold general meetings and annual general meetings in accordance with the Applicable Law.

- (ii) The Mosman Board may convene general meetings whenever it thinks fit. The annual general meeting will be held once every year at a time and place as the Mosman Board resolves.
- (iii) All general meetings of Mosman will be called on not less than 28 days notice or any shorter period of notice for a meeting of members allowed under the Corporations Act. Subject to the provisions of the Corporations Act, the provisions of the Constitution and to any restrictions imposed on any Mosman Shares, the notice will be sent to all the members, to each of the Mosman Directors and to the auditors.
- (iv) The notice will specify the place, day and time of the meeting, the agenda, the general nature of the business to be transacted at the meeting, the date and time at which persons will be taken for the purposes of the meeting to hold Mosman Shares and any other information or documents specified by the Applicable Law.
- (v) All meetings of Mosman members shall be quorate where two members are present in person or by proxy and entitled to vote at the meeting. If the meeting is not quorate, the meeting is adjourned, or, if the meeting was called at the request of Mosman members or arranged by Mosman members, the meeting is dissolved.
- (vi) Resolutions will be decided on a show of hands unless a poll is demanded by:
  - (A) the chairman of the meeting;
  - (B) at least five members present in person or by proxy and entitled to vote on the resolution; or
  - (C) a member or members present in person or by proxy and representing at least 5% of the total voting rights of all the members having the right to vote on the resolution on a poll.
- (vii) A poll will be taken in such manner as the chairman of the meeting directs.
- (viii) A Mosman Director will, notwithstanding that he is not a member, be entitled to attend and speak at all meetings of Mosman members.

(b) **Voting rights and restrictions**

Subject to any special terms as to voting attached to any Mosman Shares and to the Constitution, on a show of hands every member who is present in person or by proxy will have one vote and on a poll every member who is present in person or by proxy will have one vote for every share of which he is the holder. On a poll, a member who is present in person or by proxy and who is entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. A member may appoint more than one proxy.

A member who is present in person or by proxy will have a fraction of one vote for each partly paid up Mosman Share that the member holds. A Mosman Shareholder who has been duly served with a disclosure notice, or who has not provided to Mosman information required to be notified under the UK Financial Conduct Authority's Disclosure Rules and Transparency Rules sourcebook (the **Disclosure and Transparency Rules**), and who has not complied with such notice, or who has not supplied Mosman with the information required, either within a period of 14 days or the relevant period stipulated by the Disclosure and Transparency Rules respectively, will not be entitled to attend or vote personally or by proxy at shareholders' meetings.

(c) **Dividends**

Subject to the Corporations Act, the rights of any preference shares and the rights of holders of any Mosman Shares created or raised under any special arrangement as to dividend, the Mosman Directors may from time to time declare a dividend to be paid to the Mosman Shareholders entitled to the dividend which shall be payable on all Mosman Shares according to the proportion of the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Mosman Shares.

(d) **Winding up**

Except as provided by the rights and restrictions attached to any class of shares, the holders of Mosman Shares will be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. Any liquidator appointed may, with the sanction of a special resolution and any other sanction required by the Corporations Act, distribute among its members in kind the whole or any part of the assets of Mosman, setting such values as it deems fair upon any property to be so divided and determining how the division shall be carried out between different classes of members.

(e) **Transfer of Mosman Shares**

- (i) Any member may transfer all or any of his certificated Mosman Shares by an Instrument of transfer in writing in any usual or in any other form which the Mosman Board may approve. An instrument of transfer must be signed by or on behalf of the transferor and by or on behalf of the transferee.
- (ii) Any member may transfer all or any of his Mosman Shares which are in uncertificated form, subject to the CREST requirements, by means of a relevant system.
- (iii) The Mosman Board may, subject to Applicable Law, refuse to register any transfer of shares in certificated form which are not fully-paid shares.
- (iv) The Mosman Board may also refuse to register the transfer of a share in certificated form unless the instrument of transfer:



- (A) is left at the registered office of Mosman (or at another place as the Mosman Board may determine from time to time which includes Mosman's share registries) accompanied by the certificate for the share to which it relates and such other evidence as the Mosman Board may reasonably require to show the right of the transferor to make the transfer;
- (B) is in respect of one class of share only; and
- (C) in the case of a transfer to joint holders, is in favour of not more than four persons.

(v) No fee shall be payable to Mosman in respect of the registration of any transfer, probate, letters of administration, certificate of marriage or death, power of attorney, instruction or other document relating to or affecting the title to any Mosman Shares.

(f) **Variation of rights**

Subject to the terms of issue of Mosman Shares in a particular class, all or any of the rights attached to any class of shares may be varied with the consent in writing of the holders of at least 75% in value of the issued shares of the class or group.

(g) **Takeovers**

As detailed above, the City Takeover Code does not apply to Mosman. Chapter 6 of the Corporations Act applies to Mosman.

(h) **Disclosure and Transparency Rules and Insider Dealing**

London Stock Exchange encourages AIM-listed companies to which the Disclosure and Transparency Rules do not apply to include provisions in their constitutional documents requiring significant shareholders to notify the company of relevant changes in their shareholders in similar terms to the Disclosure and Transparency Rules. The Disclosure and Transparency Rules would normally apply if Mosman was incorporated in the United Kingdom. As Mosman is incorporated in Australia, in certain instances where the Disclosure and Transparency Rules apply differently to an overseas company (such as Mosman), provision has been made in the Constitution to apply the rules as if Mosman was a company incorporated in the United Kingdom.

The insider dealing legislation detailed in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to Mosman and dealings in Mosman Shares, alongside the parallel provisions of Australian law, to the extent that they are applicable.

### 3.5 Effect of the Offer

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

Issued Capital	Mosman Shares	Mosman Options
On issue at the date of Bidder's Statement	91,804,308 <sup>1</sup>	10,059,372 <sup>2</sup>
To be issued pursuant to the Offer	75,048,839	Nil
Total on issue at the completion of the Offer <sup>3</sup>	166,853,147	10,059,372

## Notes:

- (1) 35,878,927 Mosman Shares (39.08%) are restricted from trading as follows:
- 2,237,143 Mosman Shares are restricted from trading until 17 October 2015;
  - 303,083 Mosman Shares are restricted from trading until 10 November 2015;
  - Aorere Resources Limited has undertaken not to dispose of any interest in its 10,238,700 Mosman Shares for a period of 12 months from the admission of the Mosman Shares to trading on AIM (20 March 2014);
  - 1,000,000 Mosman Shares issued to the directors of Trident on 14 January 2015 are restricted from trading until 14 January 2016;
  - Mr John W Barr and Mr John Young, each a Mosman Director, have undertaken not to dispose of any of their interests in the Mosman Shares (11,250,001 Mosman Shares) for a period of 12 months from the admission of the Mosman Shares to trading on AIM (20 March 2014);
  - 9,000,000 Mosman Shares, held by Mr Andrew Carroll, are restricted from trading until the earlier of the grant of the exploration permit application STP-EPA-0071 or two years from the date of their issue (15 January 2014). In any event, Mr Carroll has undertaken not to dispose of any interest in these Mosman Shares for a period of 18 months from the admission of the Mosman Shares to trading on AIM (20 March 2014); and
  - Mr Carroll has undertaken not to dispose any interest in the 1,850,000 Mosman Shares held by companies associated with Mr Carroll for a period of 12 months from the admission of the Mosman Shares to trading on AIM (20 March 2014).
- Thereafter, each Mosman Director has agreed not to dispose of any of their interest in Mosman Shares for a further period of 12 months without the prior written consent of Mosman, ZAI and SI Capital. Refer to Sections 3.6 and 9.8 for further details.
- (2) Comprising:
- 2,000,000 unlisted Mosman Options having an exercise price of A\$0.20 each and an expiry date of 30 March 2016;
  - 3,800,000 unlisted Mosman Options having an exercise price of A\$0.58 each and an expiry date of 28 November 2017;
  - 3,200,000 unlisted Mosman Options with an exercise price of A\$0.15 each and an expiry date of 13 January 2019; and
  - 859,372 unlisted Mosman Options having an exercise price of £0.08 each and an expiry date of 20 March 2019.
- (3) Assuming 100% acceptance of the Offer and that no other MEO Shares are otherwise issued after the date of this Bidder's Statement.

### 3.6 Shareholders of Mosman

As at the date of this Bidder's Statement, there were approximately 89 holders of Mosman Shares, either directly or via Mosman DIs, and the top four direct Mosman Shareholders were:

Mosman Shareholder	Number of Mosman Shares	% of Mosman Shares
Computershare Clearing Pty Ltd <sup>1</sup>	54,815,961	59.71
Aorere Resources Limited <sup>2</sup>	10,238,700	11.15
Kensington Consulting Pty Ltd <sup>3</sup>	10,100,000	11.00
Mr Andrew Carroll <sup>4</sup>	9,000,000	9.80

## Notes:

- Held on behalf of UK Depository Interest holders. Mr James Walker notified Mosman on 2 December 2014 that he holds 3,805,000 Mosman Shares, which represents 4.14% of Mosman Shares.
- Aorere Resources Limited has undertaken not to dispose of any interest in these Mosman Shares for a period of 12 months from the admission of the Mosman Shares to trading on AIM (20 March 2014).
- A company associated with Mr John W Barr, a Mosman Director. Mr Barr has undertaken not to dispose of any of his interests in the Mosman Shares (including the one Mosman Share held in his name) for a period of 12 months from the admission of the Mosman Shares to trading on AIM (20 March 2014). Thereafter, Mr

Barr has agreed not to dispose of any of his interest in his Mosman Shares for a further period 12 months without the prior written consent of Mosman, ZAI and SI Capital.

- (4) These Mosman Shares are restricted from trading until the earlier of the grant of the exploration permit application STP-EPA-0071 or two years from the date of their issue (15 January 2014). In any event, Mr Carroll has undertaken not to dispose of any interest in these Mosman Shares for a period of 18 months from the admission of the Mosman Shares to trading on AIM (20 March 2014). Thereafter, Mr Carroll has agreed not to dispose of any of his interest in these Mosman Shares for a further period 12 months without the prior written consent of Mosman, ZAI and SI Capital. Further, companies associated with Mr Carroll:
- (a) Rae Carroll Nominees Pty Limited as trustee for the Carroll Superannuation Plan, holds 1,750,000 Mosman Shares, representing 1.91% of Mosman Shares; and
  - (b) Australasian Energy Pty Limited holds 100,000 Mosman Shares, representing 0.11% of Mosman Shares.

Mr Carroll has undertaken not to dispose of any interest in the Mosman Shares held by his associated companies for a period of 12 months from the admission of the Mosman Shares to trading on AIM (20 March 2014). Thereafter, Mr Carroll has agreed not to dispose of any of his interest in these Mosman Shares for a further period 12 months without the prior written consent of Mosman, ZAI and SI Capital.

As at the date of this Bidder's Statement, Mosman Directors and their controlled entities hold 22,100,001 Mosman Shares, being approximately 24.07% of the total number of Mosman Shares on issue.

In addition, the Mosman Directors and their controlled entities held 6,500,000 unlisted Mosman Options, 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) 2,500,000 unlisted Mosman Options having an exercise price of A\$0.58 each and an expiry date of 28 November 2017; and
- (c) 2,000,000 unlisted Mosman Options having an exercise price of A\$0.15 each and an expiry date of 13 January 2019.

Refer to Section 9.8 for further details.

### 3.7 Recent performance of Mosman Shares

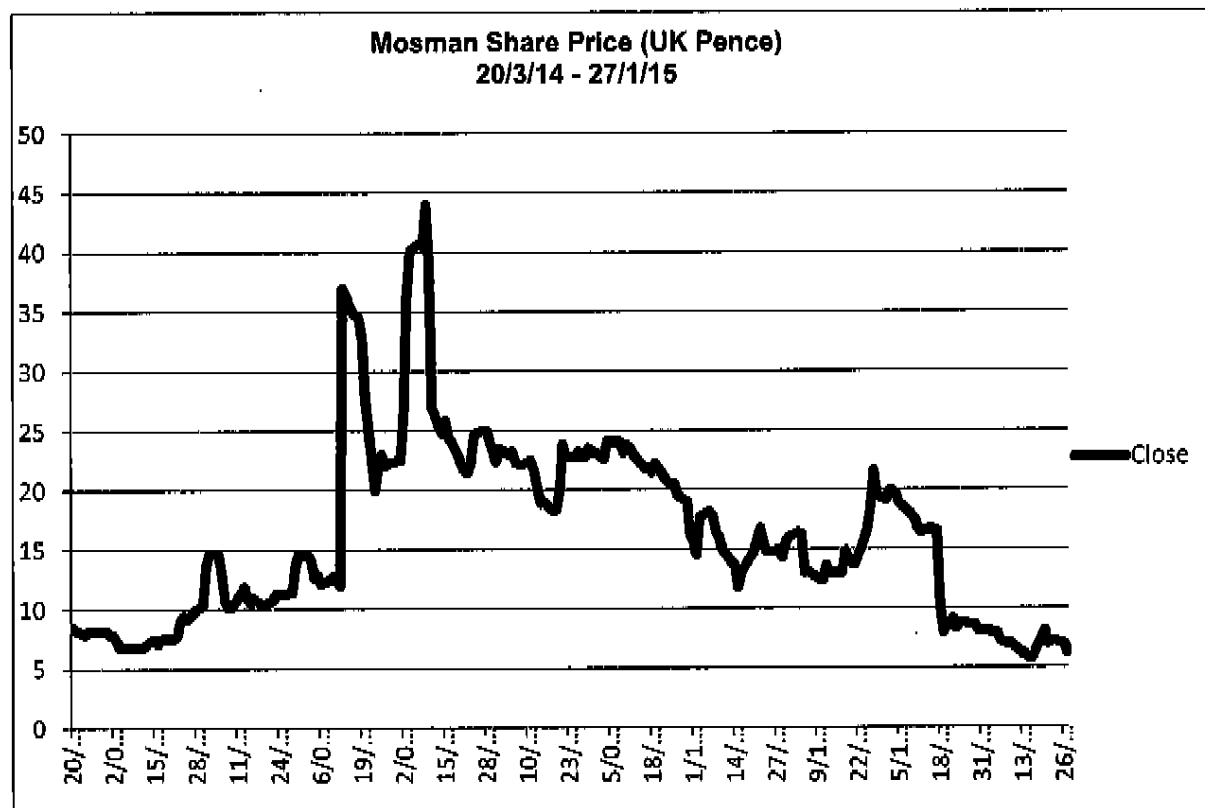
Detailed below is a table showing relevant trading prices of Mosman Shares on AIM:

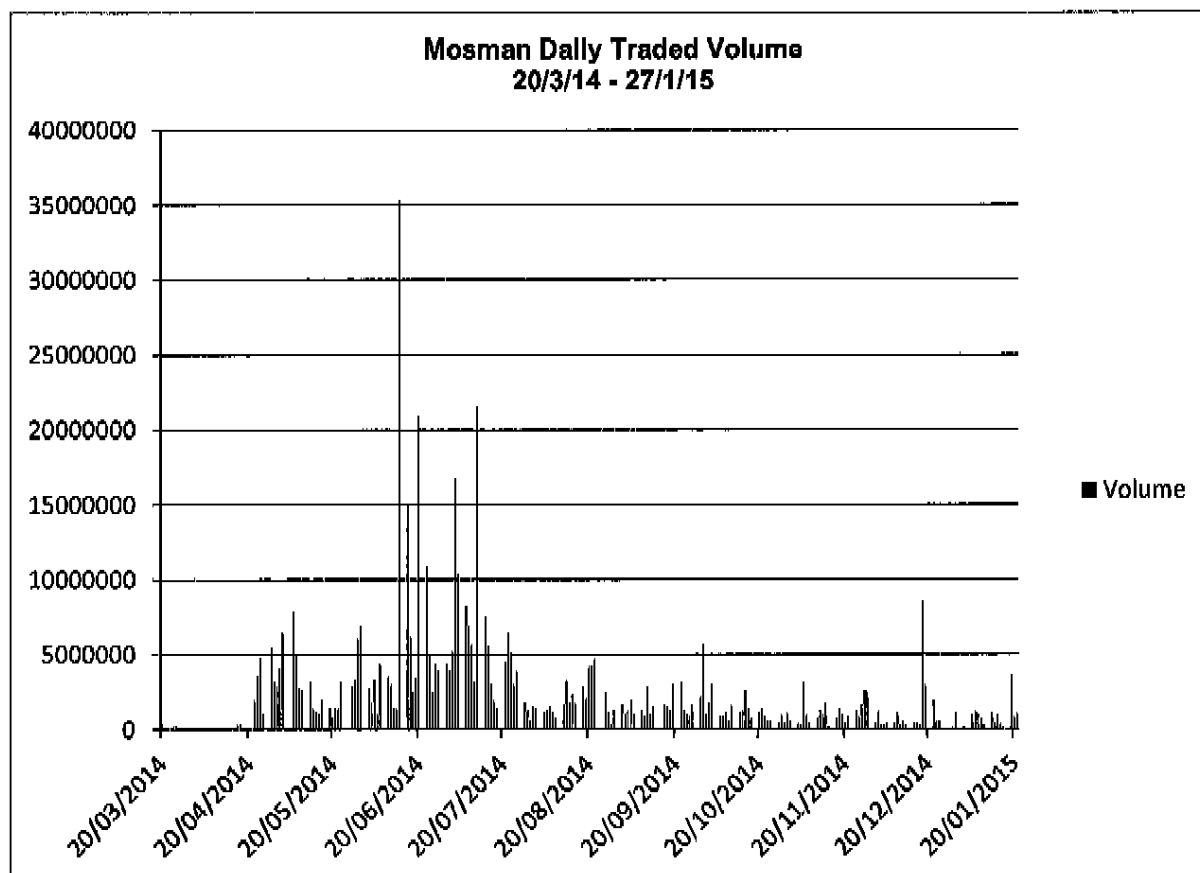
Comparative Trading Period	Price per Mosman Share	
Highest trading price on AIM in the four months prior to the date this Bidder's Statement was lodged with ASIC	£0.216	A\$0.4104
Lowest trading price on AIM in the four months prior to the date this Bidder's Statement was lodged with ASIC	£0.0575	A\$0.10925
Closing trading price on the last practicable trading day before the date Mosman announced the Offer	£0.175	A\$0.3325
Last available closing sale price of Mosman Shares (as at 27 January 2015) on AIM prior to the date this Bidder's Statement was lodged with ASIC	£0.0625	A\$0.11875
One month VWAP of Mosman Shares before the Announcement Date	£0.169	A\$0.321

Note:

- (1) Price of Mosman Shares shown in A\$ for illustration purposes only, translated at an exchange rate of £1=A\$1.9.

The diagrams below show the trading price and trading volumes of Mosman Shares on AIM for the period 20 March 2014 (being the date when Mosman Shares commenced trading on AIM) to 27 January 2015:





### 3.8 Dividend history

Mosman has not previously, and does not currently have any intentions to, pay any dividends.

### 3.9 Corporate governance

Mosman is not subject to the UK Corporate Governance Code applicable to companies listed on the Official List. However, in so far as practicable given the size and nature of Mosman and the constitution of the Board, Mosman complies with the QCA Corporate Governance Code for Small and Mid-size Quoted Companies (**QCA Code**) as published by the Quoted Companies Alliance (**QCA**).

The QCA Code was devised by the QCA, in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. An alternative code was proposed because the QCA considered the UK Corporate Governance Code to be inappropriate to many AIM companies.

The QCA Code sets out a code of best practice for AIM companies. Those guidelines require, among other things, that:

- (a) certain matters be specifically reserved for the board's decision;
- (b) the board should be supplied in a timely manner with information (including regular management financial information) in a form and of a quality appropriate to enable it to discharge its duties;

- (c) the board should, at least annually, conduct a review of the effectiveness of the company's and its subsidiaries' system of internal controls and should report to shareholders that they have done so;
- (d) the roles of chairman and chief executive should not be exercised by the same individual or there should be a clear explanation of how other board procedures provide protection against the risks of concentration of power within the company;
- (e) a company should have at least two independent non-executive directors and the board should not be dominated by one person or group of people;
- (f) all directors should be submitted for re-election at regular intervals subject to continued satisfactory performance;
- (g) the board should establish audit, remuneration and nomination committees; and
- (h) there should be a dialogue with shareholders based on a mutual understanding of objectives.

The Mosman Board consists of two Executive Directors, being John W Barr, the Executive Chairman, and Andrew Carroll, the Technical Director, and one Non-Executive Director, being John Young. Major corporate decisions of Mosman are subject to Mosman Board approval.

An audit committee, comprising John W Barr and John Young has been established. The audit committee determines the application of financial reporting and internal control principles, including reviewing the effectiveness of Mosman's financial reporting, internal control and risk management procedures and the scope, quality and results of the external audit. The audit committee is chaired by John W Barr.

A remuneration committee, comprising John Young and Andrew Carroll has also been established. It reviews the performance of the Executive Directors and will set their remuneration, determine the payment of bonuses to Executive Directors and consider bonus and option schemes. Each of the Executive Directors will take no part in discussions concerning their remuneration. The remuneration committee is chaired by John Young. The remuneration of all Mosman Directors will be reviewed by the Mosman Board.

Mosman operates a share dealing code that ensures, in accordance with and subject to the provisions of Rule 21 of the AIM Rules, that the Mosman Directors and applicable employees do not deal in any of Mosman Shares during a close period (as defined in the AIM Rules) and takes all reasonable steps to ensure compliance by the Mosman Directors and applicable employees with this Rule 21 of the AIM Rules.

## 4. Profile of MEO

### 4.1 Disclaimer

This overview of MEO and all financial information concerning MEO contained in this Bidder's Statement has been prepared by Mosman using publicly available information.

The information in this Bidder's Statement concerning MEO has not been independently verified. Mosman does not, subject to Applicable Law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on MEO is not considered to be comprehensive. You should refer to MEO's ASX announcements and MEO's Target Statement, which will be sent to you by MEO soon, for more details regarding MEO.

### 4.2 Overview of MEO

MEO is an oil and gas company listed on the ASX (ASX:MEO) and is headquartered in Melbourne, Australia. As at the date of this Bidder's Statement, MEO had 750,488,387 shares on issue and a market capitalisation of approximately A\$11.26 million (based on the last traded price of MEO Shares on ASX of A\$0.015 on 23 January 2015).

### 4.3 Overview of MEO's Assets

Location	Permit	MEO's Equity	Status
New Zealand – Onshore Taranaki	PEP 51153	30%	Production / Appraisal / Exploration
Australia – Bonaparte Gulf	WA-454-P	50%	Appraisal / Exploration
Australia – Bonaparte Gulf	WA-488-P	100%	Exploration
Australia – Vulcan Sub-Basin	AC/P50, AC/ P51, AC/P53	100%	Exploration
Australia – North West Shelf	WA-360-P	62.5%	Exploration
Australia – North West Shelf	WA-361-P	50%	Exploration
Australia – Bonaparte Gulf	NT/P68	50%	Appraisal
Australia – Tassie Shoal Projects	EPBC 2000/108, EPBC 2003/1067	100%	Early Pre-FEED (methanol)
Cuba – Onshore	Block 9 PSC	100%	Exploration. Execution and award of PSC is subject to final regulatory approval.

(a) **New Zealand – Onshore Taranaki (PEP 51153)**

MEO currently holds a 30% non-operating participating interest in PEP 51153 located onshore New Zealand in the Taranaki Basin.

In April 2014, MEO announced a staged farm-in transaction with Kea Petroleum Plc (AIM: KEA) (Kea) to PEP 51153. PEP 51153 contains the Puka oil discovery in the Mount Messenger sands.

The Puka-1 and Puka-2 exploration wells were producing oil under a long term production test from this formation at a gross rate of approximately 100 barrels per day (30 barrels per day net to MEO). Kea shut down production at these exploration wells in January 2015 due to mechanical problems with the Puka-1 exploration well and the current oil prices.

(b) **Australia – Bonaparte Gulf (WA-454-P)**

MEO was awarded a 100% interest in WA-454-P in June 2011 and acquired the Floyd 3D seismic survey in early 2012. The permit contains the 2007 Marina gas and probable oil discovery and a number of prospects and leads.

MEO currently holds a 50% non-operating participating interest in WA-454-P.

In July 2013, MEO entered into a binding farm-out agreement with Origin Energy Resources Limited ACN 007 845 338 (a subsidiary of Origin Energy Limited), pursuant to which Origin Energy Resources Limited acquired a 50% interest in WA-454-P in return for reimbursing MEO \$5.6 million of past costs and funding 80% of the Breakwater-1 well to a cap of \$35 million excluding production testing. The Breakwater-1 well cap assumes that 65% of its costs will be denominated in US dollars with an exchange rate between the A\$ and US dollars of parity and will be adjusted for the exchange rate at the time of drilling.

A thorough review of the technical information has led to a location being proposed for Breakwater-1 as the nominated well to fulfil the commitment well for permit year 5 commencing June 2015.

If MEO does not withdraw from the permit in June 2015 it will be liable for 20% of the drilling costs.

(c) **Australia – Bonaparte Gulf (WA-488-P)**

MEO was awarded WA-488-P in May 2013. MEO currently holds a 100% participating interest in WA-488-P.

A well is currently required in permit year 3 commencing May 2015. MEO is committed to pay 100% of the costs of this well in the next permit year.

(d) **Australia – Vulcan Sub-Basin (AC/P50, AC/P51 and AC/P53)**

MEO currently holds a 100% participating interest in each of AC/P50, AC/P51 and AC/P53.



MEO acquired AC/P50 and AC/P51 in late 2010 for US\$270,000. AC/P50 and AC/P51 expire on 20 April 2015. MEO has stated that they intend to reapply and retain these permits only if they can agree a work program with the National Offshore Petroleum Titles Office which contains no field work in the primary term. MEO have disclosed that based on previous guidance to MEO from the National Offshore Petroleum Titles Office, this may be difficult to achieve. If MEO is unable to achieve such a work program, MEO has stated it would relinquish the permit.

The AC/P53 permit was awarded to MEO in early July 2011 and expires in April 2017. MEO will need to commit to drill a well by July 2015. As there are no prospects to drill or leads to follow up mapped at this time in the permit, there is a reasonable prospect of MEO relinquishing the permit before that time.

(e) **Australia – North West Shelf (WA 360-P and WA-361-P)**

MEO currently holds:

- (i) a 62.5% participating interest and is operator of WA-360-P; and
- (ii) a 50% participating interest and is operator of WA-361-P.

WA-360-P expires in March 2017. There is a well to be drilled in the permit by March 2017. MEO may elect to exit the permit before being committed to the drilling of this well. This is a likely scenario, given the lack of a compelling mapped prospect.

WA-361-P expires in January 2016. No well is committed for the remainder of the permit term.

(f) **Australia – Bonaparte Basin (NT/P68)**

The exploration permit NT/P68 was first awarded to MEO in February 2004. MEO currently holds a 50% participating interest in NT/P68, which is operated by Eni Australia Limited (Eni). NT/P68 has effectively been split into two areas, the Blackwood area and the Heron area, via commercial agreement between the MEO and Eni.

In October 2014, Eni elected not to drill an additional well on the Heron structure and to withdraw from the Heron area of NT/P68. Consequently, MEO will regain a 100% participating interest in the Heron area, subject to commercial and regulatory processes.

In the Blackwood area of NT/P68, Eni has elected not to increase its participating interest and has advised that it intends to retain a 50% participating interest.

MEO have indicated that they have reached an agreement with Eni such that MEO will exit the Blackwood block of the permit due to technical and commercial reasons. The Heron area of NT/P68 expires on 26 April 2015. MEO is considering whether to negotiate a renewal of the permit with minimum commitments or to apply for a retention lease over the Heron

discovery. It is likely that the Heron area will be retained by one of these means.

(g) **Australia – Tassie Shoal Projects (EPBC 2000/108 and EPBC 20013/1067)**

MEO has Commonwealth environmental approvals to construct, install and operate a single three Mtpa LNG plant known as the Timor Sea LNG Project and two stand-alone world-scale 1.75 Mtpa methanol plants. In the case of the methanol projects, environmental approvals are valid until 2052, while the LNG project approvals are scheduled for review in 2017.

MEO is proposing the staged construction of two large natural gas reforming and methanol production plants, each with production capacity of 1.75 Mtpa on its own concrete gravity structure. MEO continues to work with prospective partners to secure gas for its proposed projects.

MEO announced in October 2014 that UBS had been mandated to undertake a "value realization initiative" for the Tassie Shoal projects. MEO has yet to announce as to whether this has resulted in any proposals or commercial arrangements being progressed.

(h) **Cuba – Block 9 PSC**

MEO qualified as an onshore and shallow water operator in Cuba in early 2013. MEO has completed negotiations for a 100% participating interest in a PSC for Block 9 in the Republic of Cuba. Block 9 covers approximately 2,380 square km of predominantly low lying farmland on the north coast of Cuba approximately 130 kilometres east of Havana.

Detailed terms of the PSC have been agreed with the Commercial division of Cuba Petróleo Union and final PSC documents have been initialled by the parties. Official execution and award is subject to final regulatory approval.

MEO pursued the opportunity for Block 9 with Petro Australis Limited, an unlisted Australian company. In the event that MEO is awarded the PSC and Petro Australis Limited qualifies for participation in Cuba, Petro Australis Limited has an option to secure up to a 40% participating interest in Block 9 by reimbursing its share of costs incurred by MEO.

#### 4.4 Resources and Reserves

Based on materials lodged with ASX up to 27 January 2015, MEO's Contingent Resources as at 30 June 2014 are as follows:

Permit	Feature	MEO's equity interest	Fluid	MEO Net		
				1C <sup>1</sup>	2C <sup>2</sup>	3C <sup>3</sup>
NT/P68	Heron <i>Subject to re-evaluation</i>	50%	Hydrocarbon Gas (Bscf)	23	56	597
			Condensate & Oil (MMstb)	-	1	1
			Barrels Equivalent (MMboe)	4	10	100

Permit	Feature	MEO's equity interest	Fluid	MEO Net		
				1C <sup>1</sup>	2C <sup>2</sup>	3C <sup>3</sup>
NT/P68	Blackwood <i>Subject to re-evaluation</i>	50%	Hydrocarbon Gas (Bscf)	187	271	378
			Condensate & Oil (MMstb)	1	1	2
			Barrels Equivalent (MMboe)	32	46	65
WA-454-P	Marina	50%	Hydrocarbon Gas (Bscf)	57	82	211
			Condensate & Oil (MMstb)	1	6	24
			Barrels Equivalent (MMboe)	10	19	59
PEP51153	Puka <i>Subject to re-evaluation</i>	30%	Hydrocarbon Gas (Bscf)	-	-	-
			Condensate & Oil (MMstb)	0	1	3
			Barrels Equivalent (MMboe)	0	1	3
<b>TOTAL</b>			<b>Barrels Equivalent (MMboe)</b>	<b>46</b>	<b>76</b>	<b>227</b>

## Notes:

- (1) 1C denotes low estimate scenario of Contingent Resources.  
(2) 2C denotes best estimate scenario of Contingent Resources.  
(3) 3C denotes high estimate scenario of Contingent Resources.

#### 4.5 MEO Board of Directors

As at the date of this Bidder's Statement, the MEO Directors are:

- (a) Mr Gregory Short – Non-Executive Chairman;
- (b) Mr Jürgen Hendrich – Executive Director – Special Projects (who MEO announced on 12 December 2014 will leave MEO on 31 January 2015); and
- (c) Mr Stephen Hopley – Non-Executive Director.

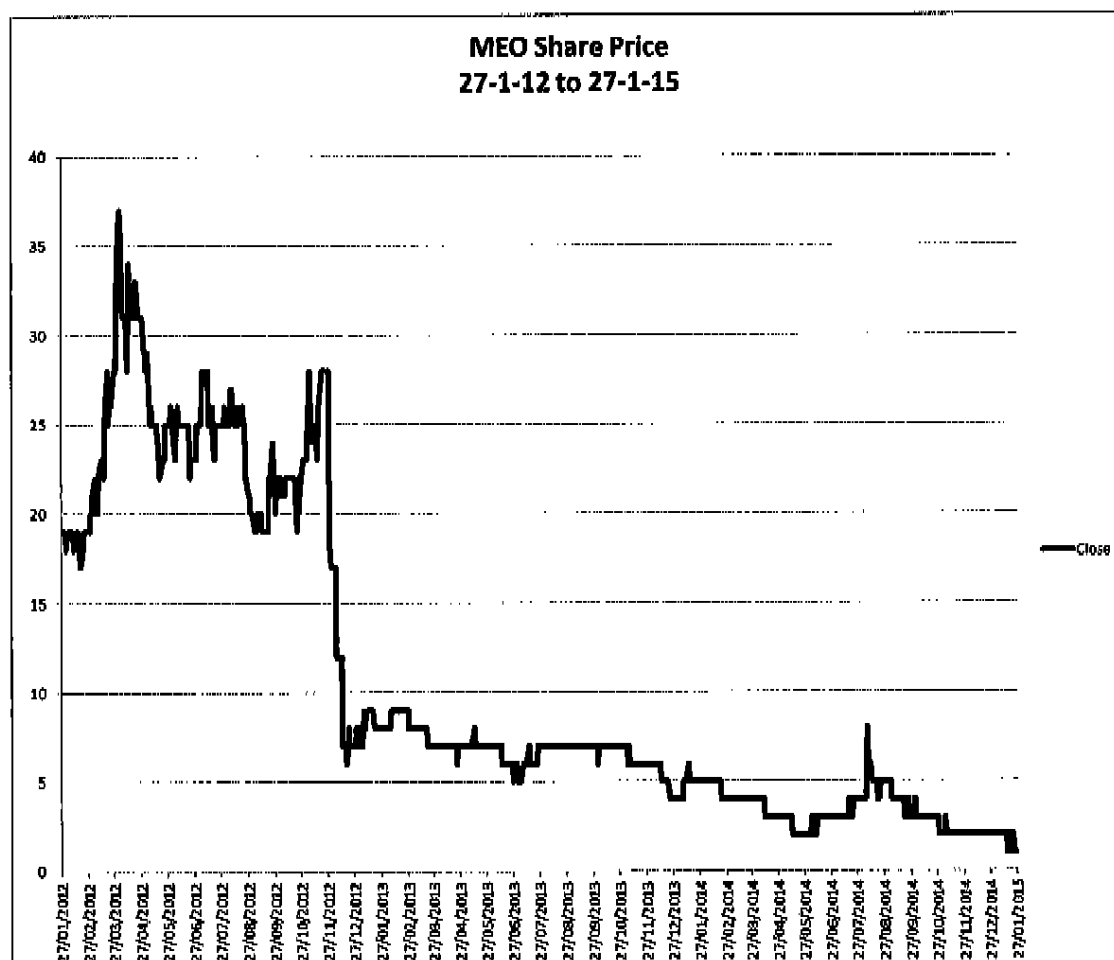
#### 4.6 Information about MEO securities

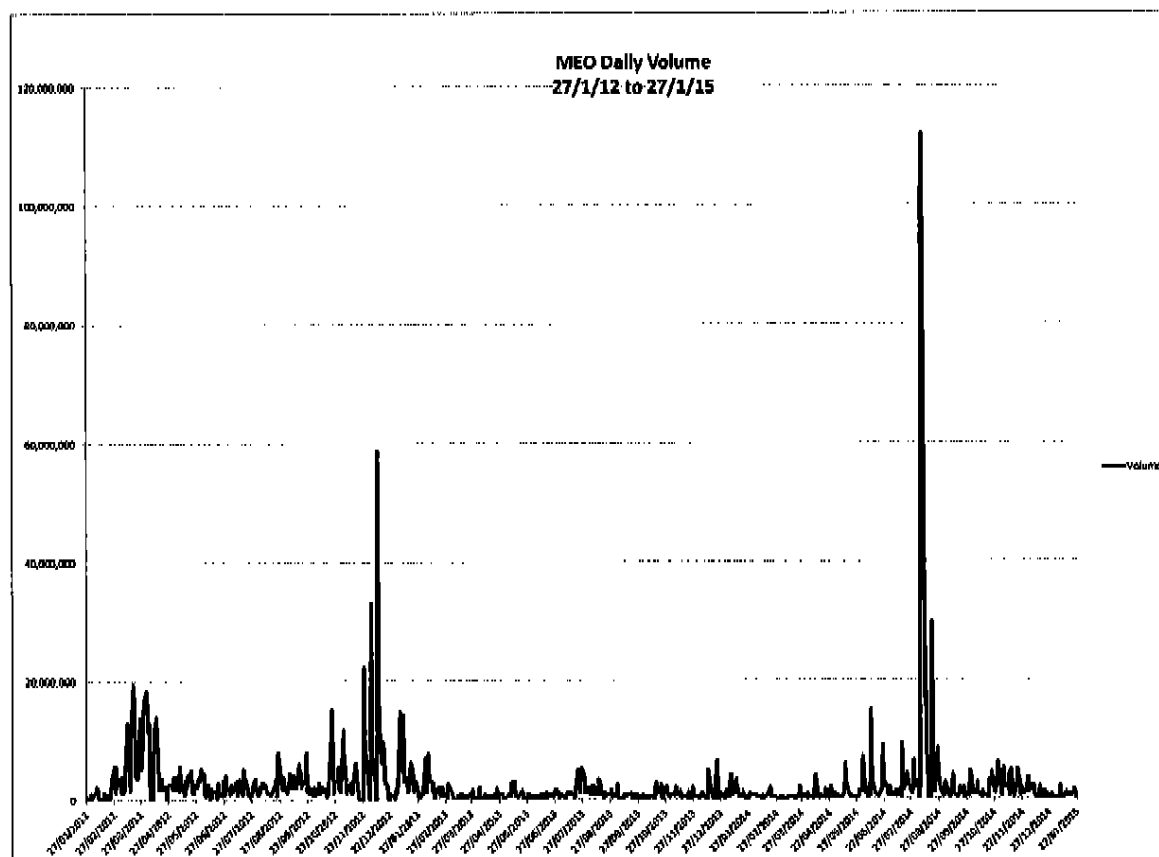
Based on materials lodged with ASX up to 27 January 2015, MEO's issued securities comprise of:

- (a) 750,488,387 MEO Shares;
- (b) 350,000 MEO Performance Rights (all of which are held by Mr Jürgen Hendrich); and
- (c) 14,730,000 MEO Options as follows:

MEO Option	Number
Unquoted MEO Option with an exercise price of A\$0.50 each and expiring on 4 October 2015	1,500,000
Unquoted MEO Option with an exercise price of A\$0.50 each and expiring on 27 October 2015	2,700,000
Unquoted MEO Option with an exercise price of A\$0.50 each and expiring on 1 July 2016	3,500,000
Unquoted MEO Option with an exercise price of A\$0.50 each and expiring on 3 October 2016	1,200,000
Unquoted MEO Option with an exercise price of A\$0.50 each and expiring on 1 December 2016	4,330,000
Unquoted MEO Option with an exercise price of A\$0.50 each and expiring on 3 April 2017	1,500,000
<b>Total</b>	<b>14,730,000</b>

The diagrams below show the price and daily volume of MEO Shares on ASX over the three year period ending 27 January 2015:





As at 27 January 2015, being the Business Day before the date of this Bidder's Statement:

- (a) the last recorded trading price of MEO Shares was A\$0.015 per share;
- (b) the one month VWAP of MEO Shares was A\$0.0168 per share;
- (c) the three month VWAP of MEO Shares was A\$0.0205 per share;
- (d) the highest recorded trading price of MEO Shares in the previous three months was A\$0.029 per share on 27 October 2014; and
- (e) the lowest recorded trading price of MEO Shares in the previous three months was A\$0.015 per share on 15, 20, 22 and 23 and 27 January 2015.

#### 4.7 Substantial shareholders

Based on materials lodged with ASX up to 27 January 2015, there are no substantial shareholders in MEO.

#### 4.8 Mosman's interests in MEO securities

As at the date of the Bidder's Statement, Mr Andrew Carroll, a Mosman Director, holds 132,500 MEO Shares. Neither:

- (a) Mosman nor any of its controlled entities; or
- (b) any of the other Mosman Directors nor their controlled entities,

hold any interests in MEO securities.

## 4.9 Publicly available Information

MEO is a company listed on the ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. These obligations require MEO to announce price sensitive information as soon as it becomes aware of the information, subject to the exceptions for certain confidential information.

For information concerning the financial position and affairs of MEO, you should refer to the full range of information that has been disclosed by MEO pursuant to those obligations. MEO's annual report for the financial year ended 30 June 2014 was given to the ASX on 26 September 2014. MEO Shareholders may view complete copies of the audited consolidated financial statements of MEO for the years ended 30 June 2014 and 30 June 2013 on the ASX website at [www.asx.com.au](http://www.asx.com.au) or the MEO website at [www.meoaustralia.com.au](http://www.meoaustralia.com.au).

Since 30 June 2014, MEO has made a number of announcements to the ASX that may be relevant to its financial position, including MEO's Quarterly Activity Report for the quarter ended 30 September 2014 on the ASX website at [www.asx.com.au](http://www.asx.com.au) or the MEO website at [www.meoaustralia.com.au](http://www.meoaustralia.com.au). A copy of each of these announcements may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) or the MEO website at [www.meoaustralia.com.au](http://www.meoaustralia.com.au).

In addition, MEO is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by MEO may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about MEO is available in electronic form from [www.meoaustralia.com.au](http://www.meoaustralia.com.au).

## 5. Combined Entity

### 5.1 Approach

This Section 5 provides an overview of the Combined Entity following the acquisition by Mosman of all, or a portion of, the MEO Shares on issue pursuant to the Offer, and the effect of the Offer on Mosman and MEO.

### 5.2 Disclaimer regarding MEO and the Combined Entity information

In preparing the information relating to MEO and the Combined Entity contained in this Bidder's Statement, Mosman has relied on publicly available information and this has not been independently verified by Mosman or the Mosman Directors. Risks may exist in relation to MEO of which Mosman is unaware which may affect the Combined Entity. If any material risks are known to the MEO Directors, they must be disclosed in the Target's Statement to be issued by MEO.

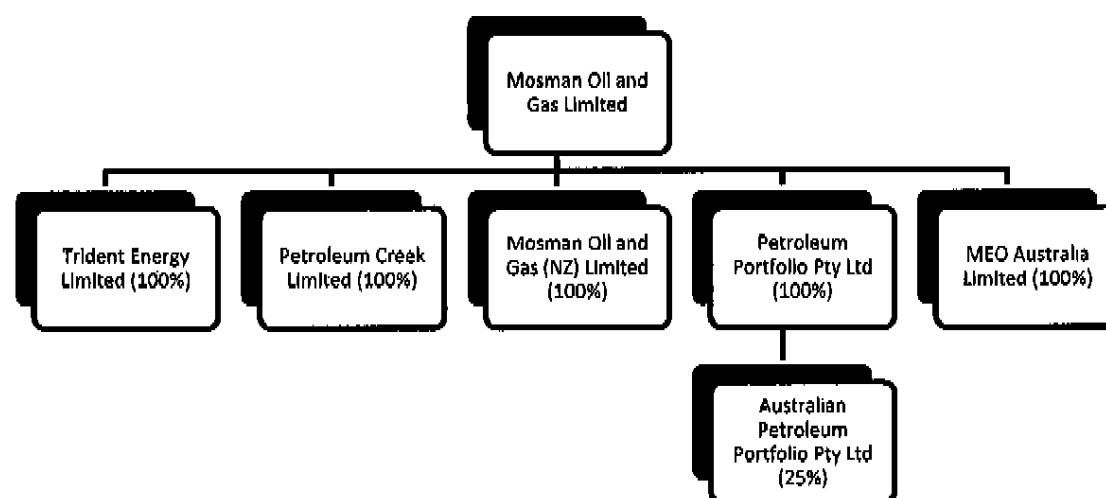
Accordingly, subject to any Applicable Law, Mosman makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

### 5.3 Effect of the completion of the Offer

If the Offer is successful, MEO Shareholders who accepted the Offer will each receive one Mosman Share for every 10 MEO Shares transferred to Mosman (except in the circumstances described in Section 9.12) and, thereupon, become economic owners of (and shareholders in) the Combined Entity.

### 5.4 Group structure

The corporate structure of the Combined Entity if the Offer is successful is shown in the diagram below:



## **5.5 Capital structure**

Refer to Section 3.5 for details of the effect of the Offer on Mosman's capital structure.

## **5.6 Shareholders**

The substantial holders of Mosman Shares will not change upon completion of the Offer (refer to Section 3.6). Following the Offer, former MEO Shareholders will represent 44.98% of the shareholders of the Combined Entity (assuming 100% acceptance of the Offer and no other MEO Shares are otherwise issued after the date of this Bidder's Statement).

## **5.7 Profile of the Combined Entity**

The Combined Entity will be an AIM-listed oil and gas exploration company with diversified interests in various prospective hydrocarbon regions in Australia and New Zealand. The Combined Entity will benefit from a strong board, an experienced and capable management and technical team with extensive asset target generation and project development management experience.

## **5.8 Strategy of the Combined Entity**

Mosman aims to either find, or to acquire and develop, oil and gas prospects in New Zealand and Australia. If the Offer is successful, MEO will become a wholly owned subsidiary of Mosman. Mosman's strategy is to become a significant diversified Australia and New Zealand focussed junior oil and gas exploration and development company, and the successful completion of the Offer would represent a significant step forward in achieving this goal.

## **5.9 Outlook for the Combined Entity**

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to Mosman, MEO or the Combined Entity.

Mosman considers that the inclusion of financial forecasts would be speculative and potentially misleading given that:

- (a) the projects and prospects of Mosman and MEO have not reached a stage in their development where a reasonable assessment of future earnings can be made;
- (b) the rate of project development is subject to inherent risks associated with oil or gas grades and quantities, drilling and process equipment availability, port and rail access, the granting of production licences, extraction and logistics costs; and
- (c) the future market prices for oil or gas in projects held by Mosman and MEO are inherently uncertain.

## **5.10 Stamp duty implications for the Combined Entity**

Generally, there is no duty on the transfer of shares, however each state and territory of Australia contains stamp duty provisions which may levy duty at land conveyance rates on transfers of shares in certain landholder or "land-rich"



corporations. The application of the landholder or "land-rich" provisions depend on a variety of factors such as the:

- (a) state or territory the land holding is located;
- (b) percentage interest acquired in MEO; and
- (c) value of the land held by MEO.

Mosman will pay any Australian stamp duty payable on the transfer of any shares to Mosman under the Offer.

## **6. Rationale for the Offer and intentions of Mosman**

### **6.1 Forward-Looking Statements**

This Bidder's Statement includes forward-looking statements that have been based on Mosman's current expectations and predictions about future events, including Mosman's intentions (which include those detailed in this Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Mosman, MEO and the Combined Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks detailed in Section 8.

None of Mosman, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward-looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and opinions as at the date of this Bidder's Statement.

### **6.2 Rationale for the Offer**

Mosman believes that there are a number of key strategic and financial benefits that will arise from the successful acquisition of MEO by Mosman. These include:

- (a) complementing Mosman's existing portfolio of oil and gas projects and ensuring that Mosman has a diversified asset portfolio with interests in a variety of hydrocarbon regions;
- (b) improved access to capital markets, likely to be able to provide additional capital to develop projects and to support the valuation of the Combined Entity;
- (c) providing access to the expertise of the Mosman Directors, which will be brought to bear to accelerate the development of MEO's existing assets;
- (d) the benefits of scale and of a diversified portfolio of exploration assets in order to present a more attractive investment proposition than MEO or Mosman as standalone entities; and
- (e) deployment of cash resources towards investment in near-production assets which present improved opportunities for Mosman Shareholders in the short-to-medium term.

### **6.3 Mosman's intentions generally regarding MEO**

Mosman has reviewed information that has been publicly released in relation to MEO, its current activities and its plans for the future. Mosman does not currently have knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions.

Mosman intends to continue the business of MEO in the manner in which it is currently conducted and maintain MEO's assets and projects until it is able to conduct the Strategic Review outlined below in Section 6.4(a). This review is

subject to any variations that Mosman considers necessary in light of its technical and operational experience and expertise and the resources of the Combined Entity.

As such, it is Mosman's current intention, on the basis of the information concerning MEO which is known to Mosman and the existing circumstances affecting the business of MEO at this time, and subject to the Strategic Review (outlined in Section 6.4(a)) and Mosman's intentions outlined in Section 6.4, Section 6.5 or Section 6.6 (as applicable) that:

- (a) the business of MEO will otherwise be continued in substantially the same manner as it is presently being conducted;
- (b) no major changes will be made to the business of MEO;
- (c) there will not be any redeployment of the fixed assets of MEO; and
- (d) the present employees of MEO will largely be retained and/or redeployed to support the expanded Mosman team as is most appropriate.

#### **6.4 Mosman's intentions if it acquires 90% or more of the MEO Shares**

If Mosman acquires a Relevant Interest in 90% or more of MEO Shares under the Offer, and so becomes entitled to proceed to the compulsory acquisition of outstanding MEO Shares in accordance with Part 6A.1 of the Corporations Act, Mosman's intentions are as follows:

##### **(a) Strategic Review**

Subject to what is disclosed elsewhere in this Section 6.4, Mosman intends to undertake a detailed review of MEO's activities, assets and liabilities to evaluate their prospects, strategic relevance, funding requirements and financial performance (**Strategic Review**). This may lead to modification of some of MEO's existing projects and activities. The Strategic Review will provide the main platform for Mosman to undertake:

- (i) a technical review of the oil and gas projects of MEO with a view to expeditiously determining which of those projects warrant continuation of appraisal and exploration activities by the Combined Entity and/or the maintenance of an interest via farm-in/joint venture arrangements with third parties; and
- (ii) a detailed strategic review of the corporate and administrative functions and overheads of MEO and will seek, where possible, to effect a reduction in related expenses through the rationalisation of the corporate and administrative structure and operations the Combined Entity; and
- (iii) identify and assess the specific areas that may provide benefits to Mosman and the expected costs and time frames.

To this end, Mosman intends to prepare and implement a business integration plan with a view to ensuring that MEO's assets are operated in order to maximise their value and long term viability and maximising the returns of shareholders of the Combined Entity.

(b) **Composition of the MEO Board**

Subject to the Corporations Act and the MEO's constitution, Mosman will seek to replace some or all of the members of the MEO Board with its own nominees. As at the date of this Bidder's Statement, Mosman has not determined which members of the MEO Board will be replaced. Mosman will seek a management team and board that has both the relevant capabilities and experience to execute Mosman's revised strategy for MEO and the Combined Entity.

(c) **Compulsory Acquisition**

If entitled to do so, Mosman intends to proceed with the compulsory acquisition of any MEO Shares not acquired under the Offer in accordance with Part 6A.1 of the Corporations Act.

(d) **Buy-Out of Convertible Securities**

If entitled to do so, Mosman intends to offer to buy-out all holders of securities in MEO which are convertible into MEO Shares (including the MEO Options and MEO Performance Rights) in accordance with Part 6A.1 of the Corporations Act.

(e) **Corporate office and employees**

Subject to the Strategic Review, Mosman intends to continue to conduct the MEO business. Mosman will however consider incorporating the functions performed by the corporate head office of MEO into the administrative structure of the Mosman Group so that such functions are performed from Mosman's existing corporate offices in Sydney.

Subject to the Strategic Review, the present employees of MEO will largely be retained and redeployed to support the expanded Mosman team as is most appropriate. It is considered that the skill sets of the existing MEO employees and that of the Mosman employees are complimentary in many respect and that therefore, Mosman anticipates having no difficulties integrating the two work forces. Mosman intends to discuss employment arrangements with MEO's existing employees.

(f) **ASX Listing**

Mosman will maintain MEO's listing on the official list of the ASX, while it continues to meet its ASX listing requirements. MEO Shareholders are alerted that in this circumstance, the liquidity of MEO Shares may be materially decreased.

(g) **Elimination of duplication**

To the extent that activities and functions, including management, presently carried out by Mosman and MEO will be duplicated, such duplication will be eliminated where it is economically efficient to do so.

(h) **Balance sheet date and accounting policy**

Mosman intends to conduct a review of MEO's accounting policies. It is expected that this review will result in the adoption of Mosman's accounting policies.

**6.5 Mosman's intentions if it acquires less than 90% but more than 50% of the MEO Shares**

Mosman reserves its right to declare the Offer free from the Condition detailed in 10.11(a) (or any other Condition), although it has no intention to do so.

If Mosman were to declare the Offer free from the Condition detailed in 10.11(a) without becoming entitled to compulsorily acquire the outstanding MEO Shares and at the end of the Offer period, Mosman has a Relevant Interest in less than 90% but more than 50% of the MEO Shares, Mosman's intentions are as follows:

(a) **General**

Mosman will implement the intentions detailed in Section 6.4 above to the extent that it is economically feasible and subject to the requirements of the Corporations Act and any Applicable Law. These intentions specifically include those in respect of the Strategic Review, corporate matters, corporate office and employees, elimination of duplication and general business integration.

(b) **Active major shareholder**

Subject to the Corporations Act, Mosman intends to become actively involved in determining MEO's capital management policies and controlling the strategic direction of the business of MEO. Additionally, if Mosman receives acceptances under the Offer that bring its shareholding to more than 75% of MEO Shares, it will be in a position to cast the votes required for a "special resolution" at a meeting of MEO Shareholders. This would enable it to pass resolutions, for example, to amend MEO's constitution.

**6.6 Mosman's intentions if it acquires less than 50% of the MEO Shares**

Mosman reserves its right to declare the Offer free from the Condition detailed in 10.11(a) (or any other Condition), although it has no intention to do so.

If Mosman were to declare the Offer free from the Condition detailed in 10.11(a) without becoming entitled to compulsorily acquire the outstanding MEO Shares and at the end of the Offer period, Mosman has a Relevant Interest in less than 50% of the MEO Shares, Mosman will seek to implement the intentions detailed in Section 6.4 above to the extent that it is economically feasible and subject to the requirements of the Corporations Act and any Applicable Law. These intentions specifically include those in respect of the Strategic Review, corporate matters, corporate office and employees, elimination of duplication and general business integration and may include seeking the appointment of Mosman nominated persons to the MEO Board.

## **6.7 Limitations in giving effect to intentions**

There may be limitations to Mosman's ability to give effect to its intentions as outlined in this Section 6 due to the legal obligations of the MEO Directors to have regard to the best interests of MEO and MEO Shareholders, including the rights of minority shareholders, and the requirements of the Corporations Act and Applicable Law. Mosman may require legal and financial advice before deciding what action to take in connection with the intentions detailed in this Section 6.

## 7. Australian Tax Considerations

The following summary is a general outline of the principal Australian income tax and capital gains tax (CGT) as defined in the *Income Tax Assessment Act 1997* (Cth) consequences for MEO Shareholders who accept the Offer and dispose of their MEO Shares to Mosman in accordance with the Offer.

The summary in this Section 7 is based on Australian taxation law and practice in effect at the date of the Offer. It does not consider any proposed changes by the Australian Government or any draft legislation awaiting royal ascent. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia, nor does it consider any specific facts or circumstances that may apply to particular MEO Shareholders.

Further, it does not deal with the taxation consequences of disposing of MEO Shares which may have been issued under an employee share scheme, which may be subject to specific tax provisions.

The Australian tax consequences for MEO Shareholders of disposing of their MEO Shares will depend on a number of factors including:

- (a) whether they are an Australian resident or non-resident for tax purposes;
- (b) whether they hold their MEO Shares on capital, revenue account or as trading stock;
- (c) when they acquired their MEO Shares;
- (d) whether they are an individual, a company, a trustee of a trust or a complying superannuation entity; and
- (e) whether CGT rollover relief is available (e.g. scrip for scrip CGT rollover) - refer below.

The summary in this Section 7 does not constitute tax advice. Given the complexity of the taxation legislation, MEO Shareholders should seek independent taxation advice regarding the tax consequences of disposing of MEO Shares given the particular circumstances which apply to them.

### 7.2 Taxation consequences for MEO Shareholders

#### (a) Shareholders holding MEO Shares as trading stock

MEO Shareholders who hold their MEO Shares as trading stock (e.g. as a share trader) will be required to include the value of the consideration from the disposal of their MEO Shares in their assessable income.

#### (b) Shareholders holding MEO Shares on revenue account

MEO Shareholders who hold their MEO Shares on revenue account and who accept the Offer should include the amount received (the market value of the Mosman Shares) over the cost of acquisition of the MEO Shares as ordinary assessable income. Where the market value of Mosman Shares is less than the cost of MEO Shares the loss should be claimed as a tax deduction.

(c) **Non-resident MEO Shareholders holding MEO Shares as trading stock or on revenue account**

MEO Shareholders who are a non-resident of Australia and whose MEO Shares were acquired as trading stock or otherwise on revenue account, should seek their own professional tax advice. The Australian tax treatment will depend on factors such as the source of any gain and whether a double tax agreement exists between their country of residence and Australia.

(d) **Non-Resident MEO Shareholders holding MEO Shares on capital account**

MEO Shareholders who are not resident in Australia for tax purposes will generally only be subject to Australian CGT on the disposal of MEO Shares if:

- (i) together with their Associates, they directly or indirectly own at least 10% or more (by value) of the shares in MEO:
  - (A) at the time of the disposal; or
  - (B) throughout a 12 month period beginning no earlier than 24 months before the time of the disposal and ending no later than the time of the disposal; and
- (ii) if more than 50% of the market value of MEO's assets is attributable to taxable Australian property,

subject to the terms of any applicable double tax agreement.

Non-resident MEO Shareholders may obtain rollover relief in very limited circumstances.

It should be noted that the Australian Government has proposed some changes to the CGT rules affecting non-residents. These changes have not been introduced at the date of the Offer and have not been considered in the summary in this Section 7. It is therefore imperative that non-residents seek independent tax advice to confirm their Australian tax position.

(e) **MEO Shareholders holding MEO Shares on capital account**

In broad terms, the Australian tax consequences for MEO Shareholders who hold their MEO Shares on capital account and who accept the Offer will depend on whether or not 'scrip for scrip' CGT rollover relief is available and, if available, that this is elected. The following discussion in Sections 7.3 and 7.4 considers the general Australian tax consequences for MEO Shareholders where:

- (i) CGT rollover relief is available and is elected; and
- (ii) CGT rollover relief is not available or is not elected.



### **7.3 Acceptance of the Offer where CGT rollover relief is available and elected**

Australian-resident MEO Shareholders may be entitled to 'scrip for scrip' CGT rollover relief in respect of the consideration referable to Mosman Shares where the exchange of the shares would otherwise realise an assessable capital gain. Broadly speaking, rollover relief is available to shareholders who exchange shares in one company for shares in another company where the transaction is made pursuant to a takeover bid and provided certain qualifying conditions are satisfied.

In broad terms, these qualifying conditions include:

- (a) the requirement that Mosman must make an offer to all MEO Shareholders to acquire their voting shares on substantially the same terms; and
- (b) Mosman must become the owner of at least 80% of the voting shares in MEO as a consequence of the Offer.

Note that other requirements must also be met to qualify for the rollover relief.

If all the qualifying conditions are satisfied and a MEO Shareholder elects for rollover relief to apply, the rollover relief is available and the capital gains arising are disregarded on the disposal of MEO Shares.

The effect of the rollover relief is that the MEO Shareholder's total capital gain will be deferred until they dispose of their Mosman Shares.

The CGT cost base of the new Mosman Shares acquired in the exchange is determined by reasonably attributing to it the CGT cost base of the MEO Shares for which a rollover was obtained. For example, under the Offer the cost base of a new Mosman Share should broadly be equivalent to the original cost base of the sum of 10 MEO Shares. Further, the MEO Shareholders will be taken to acquire their Mosman Shares at the time they originally acquired their MEO Shares (for the purpose of determining any entitlement to a discount on an otherwise assessable capital gain in relation to a subsequent dealing in their new Mosman Shares).

As discussed above, rollover relief will only be available if all the qualifying conditions are satisfied and MEO Shareholders elect to apply for it.

The election to utilise scrip for scrip rollover relief is evidenced by the manner in which the tax return for the relevant income year is prepared although it may be prudent to keep a written record of that election with your tax records.

Rollover relief is not available if MEO Shareholders realise a capital loss on the disposal of their MEO Shares.

Given the complexity of the provisions governing rollover relief and the various qualifying conditions that need to be satisfied, MEO Shareholders should seek independent taxation advice regarding their particular circumstances.

### **7.4 Acceptance of the Offer where CGT rollover relief is not available or is not elected**

Acceptance of the Offer is likely to involve a disposal by a MEO Shareholder of their MEO Shares for CGT purposes.

An Australian-resident MEO Shareholder may make a capital gain or capital loss, depending on whether their capital proceeds from the exchange are more than the cost base of their MEO Shares, or whether those capital proceeds are less than the cost base of those shares.

The capital proceeds that a MEO Shareholder will be taken to have received in respect of the disposal of their MEO Shares will generally be the market value of Mosman Shares on the date of implementation of the Offer.

The cost base of MEO Shares will generally be the cost at which they were acquired including any incidental costs of acquisition.

Where the amount of capital proceeds received by a MEO Shareholder in respect of the disposal of their MEO Shares is greater than the cost base of those MEO Shares, then the MEO Shareholder should realise a capital gain for Australian CGT purposes.

Where the amount of capital proceeds received by a MEO Shareholder in respect of the disposal of their MEO Shares is less than the reduced cost base of those MEO Shares, then the MEO Shareholder should realise a capital loss for Australian CGT purposes. Where it is expected that a capital gain will result, if a MEO Shareholder does not elect for rollover relief, or that relief is not available, then partial tax relief may be available in the form of the CGT discount.

Specifically, where MEO Shares have been held for at least 12 months before their disposal, a MEO Shareholder who is an individual, a complying superannuation entity or the trustee of a trust may be able to reduce the capital gain arising from the disposal of MEO Shares by the CGT discount (refer below).

Subject to the MEO Shareholder having any capital losses or net capital losses from prior income years, where the CGT discount is available, eligible MEO Shareholders which are individuals or trustees of trusts will reduce the capital gain arising on the disposal of MEO Shares by 50%. For individuals, this reduced gain should be assessed at the MEO Shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

Subject to the MEO Shareholder having any current year capital losses or net capital losses from prior income years, where MEO Shares are held by a complying superannuation entity and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the MEO Shares by one-third.

The CGT discount is generally applied after taking into account any current year capital losses or net capital losses from prior income years. MEO Shareholders having any capital losses or net capital losses from prior income years should seek independent advice in relation to the potential availability of the CGT discount.

Companies are not entitled to the CGT discount. The capital gain or capital loss realised by company MEO Shareholders will be calculated with reference to the capital proceeds less the cost base or reduced cost base of the MEO Shares. Where a company realises a capital gain, it may be eligible to reduce that gain with capital losses from prior income years. We recommend that companies seek professional tax advice in relation to the availability and deductibility of capital losses.

## 7.5 GST

The provision, acquisition, or disposal of shares for non-monetary consideration will not be subject to GST. Accordingly, no GST should be payable on:

- (a) the disposal of MEO Shares to Mosman;
- (b) the issue of Mosman Shares; or
- (c) the future disposal of Mosman Shares.

MEO Shareholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of securities in Mosman or MEO. MEO Shareholders should seek their own tax advice in this respect.

## 8. Risk Factors

### 8.1 Overview

The business activities of Mosman are subject to various risks that may impact on the future performance of Mosman and the Combined Entity. As the Combined Entity will include the business of MEO, MEO Shareholders are already exposed to some of the risks detailed in this Section 8.

Some of the risks detailed in this Section 8 can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Mosman and cannot be mitigated.

If the Offer becomes unconditional, MEO Shareholders who accept the Offer will be investing in Mosman and become Mosman Shareholders. In those circumstances, MEO Shareholders will:

- (a) continue to be exposed to the risks associated with an investment in MEO as a result of their indirect interest in MEO through their Mosman Shares;
- (b) be exposed to the risks which are specific to an investment in Mosman; and
- (c) be exposed to additional risks relating to the Offer and the Combined Entity.

The principal risk factors are summarised below. Note that these risks are not intended to be an exhaustive list of the risk factors to which Mosman and the Combined Entity will be exposed.

MEO Shareholders should read this Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Offer. An investment in Mosman carries no guarantee with respect to the payment of dividends, return of capital or the price at which Mosman Shares will trade and should be considered speculative.

### 8.2 Risks relating to the Offer

#### (a) Mosman Shareholder Approval

The Offer is subject to a condition that before the end of the Offer Period, Mosman Shareholders approve, by ordinary resolution, the acquisition of the MEO Shares by Mosman under the Offer for the purposes of Rule 14 of the AIM Rules (refer to Section 10.11(b)).

MEO Shareholders should note that the Offer will remain subject to the Condition in Section 10.11(b) unless and until it is satisfied or waived.

As the Offer is for 100% of the issued share capital of MEO, it is currently considered to be a "reverse takeover" for the purposes of the AIM Rules as it exceeds 100% of certain class tests prescribed by the AIM Rules.

If the minimum acceptance Condition (refer to Section 10.11) is satisfied or waived, then:

- (i) Mosman Shareholder approval of the Offer will be required (which is currently a Condition); and
- (ii) Mosman will be required to publish an AIM admission document,

save that if Mosman waives the minimum acceptance Condition and will not acquire such number of MEO Shares so as to trigger a "reverse takeover" under the relevant AIM Rules class tests, it will not be required to obtain the approval of Mosman Shareholders and publish an AIM admission document. Based on discussions to date with AIM, 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 36% or less of the MEO Shares the subject of the Offer (based on the current publically available financial information for MEO and Mosman). In such circumstances Mosman will also waive the Mosman Shareholder approval condition.

Refer to Section 6 for details of Mosman's Intentions depending on the level of acceptances of the Offer.

If Mosman requires Mosman Shareholder approval for the acquisition of the MEO Shares under the Offer for the purposes of Rule 14 of the AIM Rules (having regard to the level of acceptances and application of the relevant AIM Rules class tests), Mosman 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. Mosman will send each MEO Shareholder a formal notice of extension of the Offer Period.

Should Mosman Shareholders fail to approve the acquisition of the MEO Shares under the Offer for the purposes of Rule 14 of the AIM Rule, Mosman will not proceed with the Offer.

Refer to Section 10.13 for further details.

**(b) Issue of Mosman Shares as Offer Consideration**

MEO Shareholders are being offered specific quantities of Mosman Shares as consideration under the Offer. As a result, the value of the Offer Consideration will fluctuate depending upon the market value of Mosman Shares and on the governing £ to A\$ exchange rate. Accordingly, the market value of the Mosman Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer. The value of Mosman Shares can be expected to fluctuate depending on various factors including general worldwide economic conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets, variations in the operating costs and costs of capital replacement which Mosman may in the future require.

As at the date of this Bidder's Statement, the implied value of the Offer is A\$0.011875 per MEO Share, based on the closing price for Mosman Shares of £0.0625 on 27 January 2015 (the last trading day for Mosman Shares on AIM prior to the date of this Bidder's Statement) and an exchange rate of £1=A\$1.9. This implied value represents a discount of

20.83% to the last traded price of MEO Shares on ASX (being A\$0.015 on 27 January 2015).

(c) **Superior Proposal**

It is possible that a superior proposal for MEO, which is more attractive for MEO Shareholders than the Offer, will emerge in the future. If the Offer is successful, this may mean that MEO Shareholders would not obtain the benefit of any such proposal.

As at the date of this Bidder's Statement, neither MEO nor any third party has made any announcement with respect to a competing takeover proposal for MEO or an alternative comparable arrangement.

(d) **Rollover relief**

Mosman may not acquire the number of MEO Shares sufficient to bring its total interest in MEO to at least 80% of MEO Shares. In this case, scrip-for-scrip CGT rollover relief will not be available to holders of MEO Shares.

(e) **Acquisition of less than 90% of MEO Shares**

It is possible that MEO could acquire less than 90% of MEO Shares on issue under the Offer. The existence of a minority interest in MEO may have an impact on the operations of the Combined Entity, although this impact will depend upon the ultimate level of MEO ownership acquired by Mosman.

(f) **Stamp duty and government charges**

Stamp duty and other government charges may be payable by Mosman in relation to the Offer. The amount of these duties and charges may be material.

(g) **Forward-looking information**

Certain information in this Bidder's Statement constitutes forward-looking information that is subject to risks and uncertainties and a number of assumptions, which may cause the actual expenditure of the Combined Entity to be different from the expectations expressed or implied in this Bidder's Statement.

(h) **Due diligence**

In preparing the information relating to MEO contained in this Bidder's Statement, Mosman has relied on publicly available information. Risks may exist in relation to MEO (which will affect the Combined Entity) of which Mosman is unaware. If any material risks are known to the MEO Directors, they must be disclosed in the Target's Statement to be Issued by MEO.

There is a risk that information provided by MEO and utilised by Mosman in formulating the Offer and preparing this Bidder's Statement is not complete or materially correct.

### 8.3 Specific risks relating to Mosman

#### (a) Need to obtain equity funding in the short term future

The Mosman Board believes its current cash reserves will be adequate to fund its exploration activities and satisfy its corporate and administration expense for the period up to 30 September 2015. As detailed in Section 2.10, Mosman will be required to raise additional funding prior to 30 September 2015 by way of equity capital raisings via a placement(s).

There can be no assurance that the required additional funds will be available on acceptable terms, or at all. Mosman's failure to obtain sufficient funds if and when needed could:

- (i) delay or suspend Mosman's activities, business plan and other objectives; or
- (ii) have a material adverse effect on Mosman's business and its financial condition and performance and Mosman's ability to continue as a going concern.

In addition to that referred to above, further funding will be required in the future. Refer to Sections 8.3(c) and 8.4(c) below for further details regarding Mosman's and the Combined Entity's funding requirements.

#### (b) Mosman's principal assets are its petroleum assets which are subject to renewal requirements

Mosman's principal assets comprise petroleum exploration permits in Australia and New Zealand.

The holder of an exploration permit in New Zealand and Australia has the following rights and obligations:

- (i) New Zealand: provided the permit holder complies with the permit conditions and with the Minerals Act and its associated regulations, rules and programs, title to the exploration permit will be held for the full permit term with a right to extend its duration for up to four years for the purposes of appraisal of a discovery. The permit holder has an exclusive right to apply for and to receive a petroleum mining permit if it can be satisfied that a petroleum field has been discovered as a result of activities authorised under the exploration permit;
- (ii) Western Australia: provided the permit holder complies with the permit conditions and with the *Petroleum and Geothermal Energy Resources Act 1967 (WA)* (**Petroleum Act WA**) and its associated regulations, title to the permit can be held for an initial six year term and the permit can be renewed for two further five, with 50% relinquishment of the permit area at the end of each term. Upon establishing an of a discovery the permit holder has the right to apply for a retention lease or a petroleum production licence over that area;

- (iii) Victoria: provided the permit holder complies with the permit conditions and with the *Offshore Petroleum and Greenhouse Gas Storage Act 2006 (VIC) (OPGGS Act)* and its associated regulations, title to the permit can be held for an initial six year term and the permit can be renewed for several five year periods, with 50% relinquishment of the permit area at the end of each term. Upon establishing a location of a discovery the permit holder has the right to apply for a retention lease or a production licence in relation to that location; and
- (iv) Northern Territory: provided the permit holder complies with the permit conditions and with the *Petroleum Act (NT) (Petroleum Act NT)* and its associated regulations, title to the permit can be held for an initial five year term and the permit can be renewed no more than twice over a reduced (in general 50%) area of the original permit. Upon establishing the presence of petroleum of potential commercial quantity and quality the permit holder has the right to apply for a retention licence.

- (c) **Mosman's development operations may require substantial capital expenditures. Mosman may be unable to obtain needed capital or financing on satisfactory terms or otherwise, which could materially adversely affect the business, prospects and financial condition of Mosman**

The successful extraction of oil and/or gas requires very significant capital investment. Delays in the construction and commissioning of any of Mosman's hydrocarbon exploration or production projects or other technical difficulties may result in projected target dates for related production being delayed and/or further capital expenditure being required. In common with all hydrocarbon exploration, appraisal, development and production operations, there is uncertainty, and therefore risk, associated with operating parameters and costs resulting from the scaling up of appraisal extraction methods. Mosman's ability to raise further funds will depend on the success of existing and acquired operations. Mosman may not be successful in procuring the requisite funds and, if such funding is unavailable, Mosman may be required to reduce the scope of its operations or anticipated expansion. In the event that financing is successful it may mean that new Mosman Shares need to be issued, thus diluting the interests of investors at that time.

A portion of Mosman's activities will be directed to the search for and the development of new hydrocarbon deposits. Significant capital investment will be required to achieve commercial production from Mosman's existing exploration projects and from successful exploration efforts. There is no assurance that Mosman will be able to raise the required funds to continue these activities and there can be no guarantee that such funding will ultimately be available.

- (d) **Petroleum exploration and extraction are highly speculative in nature**

The business of exploring for and extracting hydrocarbons involves a high degree of risk and only a small proportion of areas that are explored worldwide are ultimately developed into producing oil or gas fields. No success in this respect can be guaranteed.



Even where exploration has led to oil or gas resources or reserves, the economics of developing petroleum properties is affected by many factors including the cost of operations, variations of the quality of hydrocarbon extracted, quality and availability of geological and geophysical expertise and such other factors as government regulations.

Due to the speculative nature of exploration and production it may not always be possible for Mosman to accurately forecast cash flow, operating costs and economic returns.

**(e) Pricing and market fluctuations internationally may reduce Mosman's profit margins**

Mosman's earnings, or the earnings of other companies that Mosman may invest in from time to time, are likely to be derived from the extraction and sale of oil and/or gas and may, therefore, be related to the market price for those resources. Historically, the prices of oil and gas have fluctuated significantly and are affected by numerous factors which Mosman is unable to control or predict including industrial and retail demand, the availability of substitute energy sources for industrial uses, forward sales and purchases by producers and speculators, levels of hydrocarbon production, short-term changes in supply and demand because of speculative hedging activities, the strength of the US dollars (the currency in which the price of oil and gas are generally quoted), and global or regional political or economic conditions or events. The performance of the share price of an oil and gas company generally exhibits a correlation with the price of oil and gas, although there is no guarantee that the price of Mosman Shares will follow this trend.

In addition, the profitability of any future production operations by Mosman will be directly related to the prevailing price of the oil and/or gas produced. If prices decline for a substantial period below Mosman's cost of production, it may not be economically feasible to continue production. A decline in the prevailing price of oil and gas may also require Mosman to write-down any hydrocarbon resources or reserves, which would have a material and adverse effect on future earnings and profitability.

**(f) Mosman's principal assets are its petroleum assets which may be the subject of title disputes or defects**

The acquisition and retention of title to petroleum rights is a detailed and time-consuming process. Title to, and the area of, petroleum interests may be disputed or challenged. Although the Mosman Directors believe that Mosman has taken reasonable measures to ensure title to, and rights and interests in, the permits held by it, and to the best of its knowledge title to such permits is in good standing, there is no guarantee that title to its permits will not be challenged or impaired.

The permits may be subject to undetected defects. Any successful challenges to the title of Mosman's permits may cause Mosman to lose all or part of its interest in its permits and materially delay or restrict Mosman's ability to proceed with its exploration operations.

There is no guarantee that Mosman will be able to secure all exploration permits, production licences, permissions, clearances or other titles or

exemptions required for its projects. There is no guarantee, even where the necessary approvals are obtained, that any subsequently required approvals will also be granted or maintained throughout the life of Mosman's projects.

Mosman may not be able to retain its permits interests when they come up for renewal.

In addition, pursuant to the Petroleum Act WA, the OPGGS Act and the Petroleum Act NT, on renewal of an exploration permit, the permit holder has to relinquish a significant part of the area (generally 50%) covered by the original permit. Although it is the intention of Mosman to re-apply for exploration permits in respect of the areas it holds Australia and which prove to be of hydrocarbon potential and interest to Mosman, there can be no guarantee that Mosman, its subsidiaries or the companies that Mosman chooses to invest in from time to time will secure title to the areas relinquished under Petroleum Act WA, OPGGS Act or the Petroleum Act NT (as applicable).

(g) **Mosman is subject to complex national, local and other laws and regulations that could affect the cost, manner and feasibility of doing business**

Oil and gas projects may be subject to the environmental laws of countries or states in which the projects, or companies that Mosman has invested in, operate. These laws may result in limitations of exploration or production activities which may become increasingly strict in the future. Environmental awareness on the part of the public has been increasing, as has public pressure on environmental authorities. No assurance can be given that the need to comply with current or future environmental laws, regulations or commitments will not have a material adverse effect on the activities of Mosman or any other company that it has invested in. Nor can it be assured that the liabilities resulting from any environmental damage caused by the activities of Mosman, or any investee companies, will not be material.

Mosman's investments may be subject to the foreign exchange and other laws of various countries that may prevent, materially delay or at least require governmental approval for, the full or partial repatriation of Mosman's investments. Foreign investment in companies in emerging countries may be restricted or controlled to varying degrees. These restrictions may, at times, limit or preclude foreign investment and increase the costs and expenses of Mosman. Additionally, under certain circumstances a country may impose restrictions on capital remittances abroad. Mosman could be adversely affected by delays in, or the refusal to grant, any required governmental approval for repatriation of capital or dividends held by Mosman or their conversion into foreign currency. In addition, gains from the disposal of such securities may be subject to withholding taxes, income tax and capital gains tax.

Mosman must comply with, inter alia, the current and future New Zealand and Australia regulations relating to hydrocarbon exploration and production. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, Mosman's assets.

(h) **Mosman Group's current exploration activities are situated entirely in two countries**

The political situations in New Zealand and Australia may introduce a degree of risk with respect to Mosman's activities. Risks may include, among others, labour disputes, delays or invalidation of governmental

orders and permits, corruption, uncertain political and economic environments, civil disturbances and terrorist actions, arbitrary changes in laws or policies, foreign taxation and exchange controls, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, infrastructure limitations and increased financing costs.

In New Zealand and Australia the respective governments exercise control over exploration and production, permitting, exporting and taxation. The Mosman Board believes that the Government of New Zealand and the Governments of Western Australia and the Commonwealth of Australia support the development of natural resources. However, there is no assurance that future political and economic conditions in New Zealand and Australia will not result in the Governments of New Zealand and Australia changing their respective political attitude towards mining and adopting different policies respecting the exploration, development and ownership of petroleum resources. Any such changes in policy may result in changes in laws affecting ownership of assets, land tenure and petroleum licences, taxation royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect Mosman's ability to undertake exploration and future exploration and production operations in the properties in respect of which it has obtained petroleum rights to date and may adversely impact Mosman's ability to carry out its activities.

(i) **Mosman's exploration activities are, and will be, subject to operational risks and hazards inherent to the oil and gas industry**

Mosman's exploration activities are, and will be, subject to risks and hazards inherent in the oil and gas industry, including but not limited to, variations in hydrocarbon quality, deposit or reservoir size, density, unusual or unexpected rock formations and other geological problems, seismic activity, fires, explosions, periodic interruptions due to inclement or hazardous weather conditions, environmental hazards, hydrological conditions, delays in installing and commissioning plant and equipment, mechanical equipment performance problems and other technical problems, the unavailability of materials and equipment including fuel, labour force disruptions or shortage of skilled workers, unanticipated interruptions or significant changes in the costs of services and supplies including but not limited to water, transport, fuel and power, and unanticipated regulatory changes. Should any of these risks and hazards affect any of Mosman's exploration activities, it may cause the cost of exploration to increase and may result in a requirement for greater capital or operating expenditure. The cost of exploration may also increase to a point where it would no longer be economic to carry out these activities which would have a material and adverse effect on the financial condition of Mosman.

Problems may also arise due to the quality or failure of locally obtained equipment or interruptions to services (such as power, water, fuel or transport or production capacity) or technical support which results in failure to achieve expected target dates for drilling or production activities and/or result in a requirement for greater expenditure.

In New Zealand and Australia land access is or may be subject to future access arrangements with the relevant landowners, occupiers or regulatory body.

(j) **Mosman has a limited operating history and its success is dependent on its ability to generate cash flow from future mining operations and its access to equity markets**

Mosman does not have a long established track record. Mosman's operations are at a relatively early stage of development and success will depend upon the Mosman Directors' ability to manage the current projects and to identify and take advantage of further opportunities which may arise. Mosman has no properties producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from active extraction operations in the future and its ability to access equity markets for its development requirements. Mosman has not earned profits to date and there is no assurance that it will do so in the future. All of Mosman's activities will be directed to exploration and, if warranted, development of its existing properties, the granting of mining permits and to the search for and the development of new oil and gas resources. Significant capital investment will be required to achieve commercial production.

(k) **Mosman may be unable to compete effectively with larger companies, which may adversely affect Mosman's revenues and results of operations**

The oil and gas exploration production business is competitive in all of its phases. Mosman competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than Mosman, in the search for and acquisition and development rights on attractive petroleum properties. Mosman's ability to acquire exploration and production rights on licence areas in the future will depend not only on its ability to develop the permits on which it currently has exploration rights, but also on its ability to select and acquire exploration and production rights on suitable licence areas for exploration and development. There is no assurance that Mosman will continue to be able to compete successfully in acquiring exploration and production rights on such properties.

(l) **If Mosman loses any of its key personnel, Mosman's ability to manage its business and continue its growth could be negatively impacted**

Mosman's success depends to a significant extent on the quality of its management. Mosman's business may be disrupted, additional cost may be incurred or the future of Mosman may be jeopardised by a loss of or failure to retain sufficient numbers and quality of management staff or senior personnel.

There can be no assurance that Mosman's present key personnel and directors will remain with Mosman, and the departure of any such person or director may materially affect Mosman's business operations and the value of the Mosman Shares. The future success of Mosman is also in part dependent upon its ability to identify, attract, motivate and retain staff with the requisite experience. Measures are in place and are under review

to reward and retain key individuals and to protect Mosman from the impact of staff turnover.

A shortage of skilled labour may make it difficult for Mosman to maintain labour productivity and competitive costs could adversely affect its profitability.

(m) **Mosman may be unable to successfully manage the growth of its operations**

If Mosman meets its growth objectives, it must successfully increase and implement additional resources to support its operations. If growth cannot be managed effectively, Mosman's business, financial conditions and results from operations could be adversely affected.

(n) **Insurance**

The oil and gas industry is subject to significant risks that could result in damage to, or destruction of, facilities, personal injury or death, environmental damage, delays in scheduled programs, increased costs, and monetary losses and possible legal liability. Where considered practical or required to do so, Mosman maintains appropriate insurance cover against risks in the operation of its business in amounts which it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability for Mosman, its subsidiaries or companies that Mosman chooses to invest in from time to time, including liability for blow-out, fire, pollution or other hazards occurring from Mosman's current and future operations.

In addition, Mosman may become subject to liability for accidents, pollution and other hazards against which it cannot insure, or which it may elect not to insure against because of premium costs or for other reasons, or in amounts which exceed policy limits. The occurrence of an event that is not fully covered, or covered at all, by insurance, could have a material adverse effect on Mosman's financial condition and results of operations. Payment of such liabilities would reduce funds available for exploration, development, production or acquisition of petroleum properties and would have a material adverse effect on Mosman's financial position.

(o) **Mosman faces foreign exchange risks that could adversely affect its operating results**

Mosman reports its financial results and maintains its accounts in Australian dollars. A majority of Mosman's expenses will be incurred in Australian or New Zealand dollars. The appreciation of the Australian or New Zealand dollars against the pound sterling, the currency in which Mosman Shares are traded and any equity raising is likely to be conducted, would reduce the amount of Australian dollars available for exploration, which, among other effects, would materially and may adversely affect Mosman's financial condition, and may limit Mosman's ability to carry on its exploration activities. In addition, the market for oil and gas is principally denominated in US dollars and Mosman's future petroleum operations in New Zealand and Australia may make it subject to

further currency fluctuations which may materially affect Mosman's future profitability and results.

(p) **Taxation**

Any change to Mosman's tax status or tax legislation could affect its ability to provide returns to Mosman Shareholders or alter post tax returns to Mosman Shareholders. The taxation of an investment in Mosman depends on the individual circumstances of investors. Refer to Section 7 for further information.

(q) **Native Title**

Mosman's activities in Australia are subject to the Native Title Act and associated legislation. It is possible that, in relation to permits which Mosman has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of Mosman to gain access to permits (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and extraction phases of operations may be adversely affected. The Mosman Board will closely monitor the potential effect of native title claims involving tenements in which Mosman has or may have an interest.

In addition, the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) (**Commonwealth Heritage Act**) is aimed at the preservation and protection of any Aboriginal areas and objects that may be located on any permit application in Australia. Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

Uncertainty associated with native title issues may impact on Mosman's access to land and future plans.

#### **8.4 General risks relating to the Combined Entity**

(a) **Merger integration**

If Mosman acquires a substantial interest in MEO pursuant to the Offer, integrating Mosman and MEO may produce some risks, including the integration of management, information systems and work practices. Furthermore, there is no guarantee that any synergy benefits or costs savings will be achieved in a timely manner or at all.

(b) **There is a risk of share price volatility and limited liquidity associated with Mosman Shares**

Investors should recognise that the price of securities and the income from them can go down as well as up. The price at which the Mosman Shares may trade and the price which Mosman Shareholders may realise for their

Mosman Shares will be influenced by a large number of factors, some specific to Mosman and some which may affect quoted companies generally. These factors could include the performance of Mosman's operations, large purchases or sales of Mosman Shares, liquidity (or absence of liquidity) in Mosman Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. The value of Mosman Shares will therefore fluctuate and may not reflect their underlying asset value.

The nature of the Combined Entity's business and early stage of operations may result in little or no trading in Mosman Shares, which may result in Mosman Shareholders being unable to dispose of their shareholdings.

There is also a risk that Mosman Shares issued under the Offer could be sold after the Closing Date, placing downward pressure on the share prices of the Combined Entity.

(c) **Additional requirements for capital**

The capital requirements of the Combined Entity will depend on numerous factors. Depending on the ability of the Combined Entity to generate income from its operations, the Combined Entity may require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Combined Entity is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be.

(d) **The Combined Entity may issue additional securities without shareholder approval, which would dilute existing ownership interest**

The Combined Entity may, subject to the AIM Rules, the ASX Listing Rules and the Corporations Act, issue additional securities without the approval of Mosman Shareholders.

The issuance of additional equity securities may have the following effects:

- (i) the proportionate ownership interest of Mosman Shareholders may decrease;
- (ii) the relative voting strength of each previously outstanding Mosman Share may be diminished; and
- (iii) the market price of Mosman Shares may decline.

Current Mosman Shareholders will continue to have substantial control over the Combined Entity after completion of the Offer, so MEO Shareholders may not be able to influence the outcome of some of the Combined Entity's important decisions.

It may also be necessary for the Combined Entity to raise additional capital in the future to finance future stages of development. Any such capital may not be available to the Combined Entity on favourable terms or at all



and will, if existing shareholders are unable or choose not to subscribe, lead to a dilution of interest.

(e) **Drilling risks**

Drilling operations are high-risk and subject to hazards normally encountered in exploration, development and production. These include unexpected geological formations, infrastructure failure and other incidents or conditions which could result in damage to plant or equipment or the environment and which could impact production throughput. Although it is intended to take adequate precautions to minimise risk, there is a possibility of a material adverse impact on the Combined Entity's operations and its financial results should any of these hazards be encountered.

(f) **Exploration risks**

Development of the Combined Entity's portfolio of oil and gas exploration permit interests is contingent upon securing funding and obtaining satisfactory exploration results. Petroleum exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. The degree of risk increases substantially when the Combined Entity's permit interests are in the exploration phase as opposed to the development phase.

There is no assurance that commercial quantities of petroleum will be discovered on the Combined Entity's permit areas. There is also no assurance that, even if commercial quantities of petroleum are discovered, a particular property will be brought into commercial production.

The discovery of resources is dependent upon a number of factors including the technical skill of the exploration personnel involved. The commercial viability of a particular resource, once discovered, is also dependent upon many factors, some of which include particular attributes of the resource. Drilling of oil and gas wells involves a high degree of risk, especially the risk of a dry hole or of a well that is not sufficiently productive to provide economic return of the capital expended to drill the well. No assurances can be given that if resources are discovered by the Combined Entity, it will be able to commercialise any such resources as intended. In the event a commercial resource is discovered, depending on the type of operation involved, several years may elapse from the initial phase of drilling until commercial operations are commenced.

Most of the above factors are and will be beyond the control of the Combined Entity.

(g) **Development risks**

The Combined Entity's projects may be delayed or be unsuccessful for many reasons, including unanticipated financial, operational or political events, the failure to receive government approvals, whether a final investment decision is reached, cost overruns, decline in petroleum prices or demand, equipment and labour shortages, technical concerns including with respect to reserves and deliverability difficulties, increases in

operational cost structures, contractual issues with securing sales contracts for petroleum products or with engineering procurement and construction contracts, community or industrial actions, changes in construction costs, design requirements and delays in construction or other circumstances which may result in the delay, suspension or termination of the projects.

The Combined Entity's activities may be affected by numerous other factors beyond the Combined Entity's control. Mechanical failure of operating plant and equipment, and general unanticipated operational and technical difficulties, may adversely affect the Combined Entity's operations.

(h) **Reserves and resources**

Estimates of reserves and resources are not precise and no assurance can be given that reserves and resources estimates will be recovered during production.

Production estimates are dependent on, among other things, the accuracy of reserves and resources estimates, the accuracy of assumptions regarding the resource calculations and recovery rates. Reserves and resources estimates are based on limited sampling. The failure of the Combined Entity to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, access to capital, profitability, results of operations, financial condition and prospects.

Commodity price fluctuations, as well as increased production costs or reduced recovery rates, may render reserves uneconomic and may ultimately result in a restatement of such reserves. Moreover, short-term operating factors relating to reserves, such as the need for sequential development of resource bodies and the processing of new or different resource types may cause an operation to be unprofitable in any particular accounting period.

(i) **Competition risk**

The industry in which the Combined Entity will be involved is subject to domestic and global competition. Although the Combined Entity will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the projects and business of the Combined Entity.

The size and financial strength of some of the Combined Entity's competitors can make it difficult for the Combined Entity to maintain a competitive position in the oil and gas exploration and production market. In particular, the Combined Entity's ability to acquire additional royalty interests and permit interests in oil and gas and other resource properties could be adversely affected if the Combined Entity is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market, which may impede the financial condition and rate of growth of the Combined Entity.

(j) **Litigation risks**

The Combined Entity will be exposed to possible litigation risks (with and without merit) including native title claims, contractual disputes, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Combined Entity may be involved in disputes with other parties in the future which may result in litigation.

Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Combined Entity's operations, financial performance and financial position.

So far as the Mosman Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which Mosman (or any other member of the Mosman Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of Mosman or the Mosman Group.

(k) **Economic risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Combined Entity's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Combined Entity's securities regardless of the Combined Entity's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(l) **Force majeure**

The Combined Entity and its projects, now or in the future may be adversely affected by risks outside the control of the Combined Entity including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(m) **Other risks**

Additional risks and uncertainties not currently known to MEO may also have a material adverse effect on the Combined Entity. The risk factors detailed in this Section 8 does not purport to be, nor should they be construed as representing, an exhaustive list of the risks affecting MEO or, if the Offer is successful and MEO will become a wholly owned subsidiary of Mosman, the Combined Entity.

## 9. Additional Information

### 9.1 Implied Value of the Offer

The Offer comprises one Mosman Share for every 10 of your MEO Shares, which values your MEO Shares at:

- (a) A\$0.0322 each, based on the closing price for Mosman Shares of £0.175 on 10 December 2014, being the last trading day for Mosman Shares on AIM prior to the date of the announcement of the Offer (being the Announcement Date) and an exchange rate of £1=A\$1.9;
- (b) A\$0.0136 each, based on the 30 day VWAP for Mosman Shares up to and including 27 January 2015 of £0.07174 (being the 30 day period up to and including the last trading day for Mosman Shares on AIM prior to the date of this Bidder's Statement) and an exchange rate of £1=A\$1.0; and
- (c) A\$0.011875 each, based on the closing price for Mosman Shares of £0.0625 on 27 January 2015, being the last trading day for Mosman Shares on AIM prior to the date of this Bidder's Statement and an exchange rate of £1=A\$1.9.

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* (A\$)	Implied Offer price for a MEO Share (A\$)
£0.05	A\$0.095	A\$0.0095
£0.075	A\$0.1425	A\$0.01425
£0.10	A\$0.19	A\$0.019
£0.125	A\$0.2375	A\$0.02375
£0.15	A\$0.285	A\$0.0285

\*Prices have been calculated using an exchange rate of £1=A\$1.9.

### 9.2 Mosman's interest in MEO Shares

As at the date of this Bidder's Statement:

- (a) Mosman has no voting power in MEO; and
- (b) Mosman does not have a Relevant Interest in any MEO Shares.

Immediately before the first Offer is sent:

- (a) Mosman will have no voting power in MEO; and

- (b) Mosman will not have a Relevant Interest in any MEO Shares.

### **9.3 Consideration provided for MEO Shares**

Neither Mosman nor any Associate of Mosman has provided, or agreed to provide, consideration for MEO Shares under any purchase or agreement during the period beginning four months before the date of this Bidder's Statement or during the period between the date of this Bidder's Statement and the date of the Offer.

### **9.4 No escalation agreements**

Neither Mosman nor any Associate of Mosman has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

### **9.5 Collateral benefits**

Neither Mosman nor any Associate of Mosman has during the four months before the date of this Bidder's Statement, or during the period between the date of this Bidder's Statement and the date of the Offer, given, offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (a) accept the Offer; or  
(b) dispose of their MEO Shares,

which benefit is not offered to all MEO Shareholders under the Offer.

### **9.6 Disclosure of information**

Due to the fact that Mosman is offering Mosman Shares as consideration for the acquisition of MEO Shares under the Offer, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Mosman Shares under sections 710 to 713 of the Corporations Act.

As a company whose shares are quoted on AIM, Mosman is subject to regular disclosure requirements. In particular, Mosman is required to disclose information concerning its finances, activities and performance. This disclosure is available on Mosman's website as well as on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

### **9.7 Interests and benefits relating to the Offer**

(a) **Interests**

Other than as detailed below or elsewhere in this Bidder's Statement, no:

- (i) director or proposed director of Mosman;  
(ii) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;  
(iii) promoter of Mosman; or

- (iv) broker or underwriter in relation to the issue of Mosman Shares pursuant to the Offer or financial services licensee named in this Bidder's Statement as being involved in the issue of Mosman Shares,

(together, the **Interested Persons**) has, or had within two years before the date of this Bidder's Statement, any interest in:

- (v) the formation or promotion of Mosman;
- (vi) any property acquired or proposed to be acquired by Mosman in connection with the formation or promotion of Mosman or in connection with the offer of Mosman Shares under the Offer; or
- (vii) the offer of Mosman Shares under the Offer.

(b) **Disclosure of fees and benefits received by certain persons**

Other than as detailed below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (i) to a director or proposed director of Mosman to induce them to become, or to qualify as, a director of Mosman; or
- (ii) for services provided by an Interested Person in connection with the formation or promotion of Mosman or the offer of Mosman Shares under the Offer.

Hardy Bowen acted as Australian legal adviser to Mosman in relation to the Offer and will be entitled to receive professional fees in accordance with its normal time based charges. At the date of this Bidder's Statement, up to the date of lodgement of this Bidder's Statement, Mosman has paid or agreed to pay Hardy Bowen approximately A\$100,000 for services in respect of the Offer and will pay a further A\$30,000 (approximately) if the Offer is considered to be a "reverse takeover" (refer to Section 3.3(b)) and such further amounts in accordance with standard agreements. During the two years before the date of this Bidder's Statement, Hardy Bowen has provided Mosman legal services and have or will be paid approximately A\$279,584 for these services.

Ronaldsons LLP acted as UK legal adviser to Mosman in relation to the Offer and will be entitled to receive professional fees in accordance with its normal time based charges. At the date of this Bidder's Statement, Mosman has paid or agreed to pay Ronaldsons LLP approximately £13,000 (approximately A\$25,000) for services in respect of the Offer and will pay a further £30,000 (approximately A\$57,000) if the Offer is considered to be a "reverse takeover" (refer to Section 3.3(b)) and such further amounts in accordance with standard agreements. During the two years before the date of this Bidder's Statement, Ronaldsons LLP has provided Mosman legal services and have or will be paid approximately A\$147,224 for these services.

Somes Cooke has provided certain taxation advice to Mosman in relation to the Offer. At the date of this Bidder's Statement, up to the date of

lodgement of this Bidder's Statement, Mosman has paid or agreed to pay **Somes Cooke** approximately A\$1,000 for services in respect of the Offer and will pay further amounts in accordance with its standard agreements. During the two years before the date of this Bidder's Statement, **Somes Cooke** has provided Mosman accounting and auditing services and taxation advice and have or will be paid approximately A\$37,335 for these services.

**BDO Corporate Finance (WA) Pty Ltd** has prepared the Investigating Accountant's Report. At the date of this Bidder's Statement, up to the date of lodgement of this Bidder's Statement, Mosman has paid or agreed to pay **BDO Corporate Finance (WA) Pty Ltd** approximately A\$7,000 for services in respect of the Offer and will pay further amounts in accordance with standard agreements. During the two years before the date of this Bidder's Statement, **BDO Corporate Finance (WA) Pty Ltd** has not provided Mosman any other services.

**SRK Consulting (Australasia) Pty Ltd** has prepared the Independent Technical Asset Report. At the date of this Bidder's Statement, up to the date of lodgement of this Bidder's Statement, Mosman has paid or agreed to pay **SRK Consulting (Australasia) Pty Ltd** approximately A\$15,000 for services in respect of the Offer and will pay further amounts in accordance with standard agreements. During the two years before the date of this Bidder's Statement, **SRK Consulting (Australasia) Pty Ltd** has provided Mosman geological consulting services and have or will be paid approximately A\$243,635 for these services.

**Graeme K Alexander** prepared the Tenement & Title Report. At the date of this Bidder's Statement, up to the date of lodgement of this Bidder's Statement, Mosman has paid or agreed to pay **Graeme K Alexander** approximately A\$15,000 for services in respect of the Offer and will pay further amounts in accordance with standard agreements. During the two years before the date of this Bidder's Statement, **Graeme K Alexander** has provided Mosman certain legal and consulting services and have or will be paid approximately A\$353,496 for these services.

**ZAI Corporate Finance Limited** has provided certain financial and corporate advisory services to Mosman in relation to the Offer. At the date of this Bidder's Statement, up to the date of lodgement of this Bidder's Statement, Mosman has paid or agreed to pay **ZAI Corporate Finance Limited** approximately £25,000 (approximately A\$47,500) for services in respect of the Offer and will pay a further £100,000 (approximately A\$190,000) if the Offer is considered to be a "reverse takeover" (refer to Section 3.3(b)). During the two years before the date of this Bidder's Statement, **ZAI Corporate Finance Limited** has provided Mosman financial and corporate advisory services and have or will be paid approximately A\$257,430 for these services.

**Computershare Investor Services Pty Limited** has provided certain professional services to Mosman in relation to the Offer. At the date of this Bidder's Statement, up to the date of lodgement of this Bidder's Statement, Mosman has paid or agreed to pay **Computershare Investor Services Pty Limited** approximately A\$100,000 for services in respect of the Offer and will pay a further A\$15,000 if the Offer is considered to be a "reverse takeover" (refer to Section 3.3(b)). **Computershare Investor Services Pty**



Limited has provided Mosman professional services and have or will be paid approximately A\$24,538 for these services.

## 9.8 Disclosure of interests of Mosman Directors

The Mosman Directors have the following interests in Mosman securities and MEO securities (either held directly, held by entities controlled by them or held by entities of which they are directors) as at the date of this Bidder's Statement:

Mosman Director <sup>1</sup>	Mosman Shares	Mosman Options	MEO securities
Mr John W Barr	10,100,001 <sup>2</sup>	2,500,000 <sup>3</sup>	Nil
Mr Andrew Carroll	10,850,000 <sup>4</sup>	2,500,000 <sup>5</sup>	132,500 MEO Shares <sup>6</sup>
Mr John Young	1,150,000 <sup>7</sup>	1,500,000 <sup>8</sup>	Nil

### Notes:

- (1) This table includes interests held by related parties of the Mosman Directors. Refer to Section 3.5 for further information.
- (2) Mr Barr has undertaken not to dispose of any of his interests in his Mosman Shares for a period of 12 months from the admission of the Mosman Shares to trading on AIM (20 March 2014). Thereafter, Mr Barr has agreed not to dispose of any of his interest in his Mosman Shares for a further period 12 months without the prior written consent of Mosman, ZAI and SI Capital.
- (3) Comprising:
  - (a) 1,000,000 unlisted Mosman Options having an exercise price of A\$0.20 each and an expiry date of 30 March 2016;
  - (b) 500,000 unlisted Mosman Options having an exercise price of A\$0.58 each and an expiry date of 28 November 2017; and
  - (c) 1,000,000 unlisted Mosman Options having an exercise price of A\$0.15 each and an expiry date of 13 January 2019.
- (4) 9,000,000 Mosman Shares are restricted from trading until the earlier of the grant of the exploration permit application STP-EPA-0071 or two years from the date of their issue (15 January 2014). In any event, Mr Carroll has undertaken not to dispose of any interest in these Mosman Shares for a period of 18 months from the admission of the Mosman Shares to trading on AIM (20 March 2014). In respect to the other 1,850,000 Mosman Shares, Mr Carroll has undertaken not to dispose of any interest in those Mosman Shares for a period of 12 months from the admission of the Mosman Shares to trading on AIM (20 March 2014). Thereafter, Mr Carroll has agreed not to dispose of his interest in his Mosman Shares for a further period of 12 months without the prior written consent of Mosman, ZAI and SI Capital.
- (5) Comprising:
  - (a) 1,500,000 unlisted Mosman Options having an exercise price of A\$0.58 each and an expiry date of 28 November 2017; and
  - (b) 1,000,000 unlisted Mosman Options having an exercise price of A\$0.15 each and an expiry date of 13 January 2019.
- (6) Held by Rae Carroll Nominees Pty Limited as trustee for the Carroll Superannuation Plan A/C.
- (7) Mr Young has undertaken not to dispose of any of his interests in his Mosman Shares for a period of 12 months from the admission of the Mosman Shares to trading on AIM (20 March 2014). Thereafter, Mr Young has agreed not to dispose of any of his interest in his Mosman Shares for a further period of 12 months without the prior written consent of Mosman, ZAI and SI Capital.
- (8) Comprising:
  - (a) 1,000,000 unlisted Mosman Options having an exercise price of A\$0.20 each and an expiry date of 30 March 2016; and
  - (b) 500,000 unlisted Mosman Options having an exercise price of A\$0.58 each and an expiry date of 28 November 2017.

## 9.9 Fees and benefits of Mosman Directors

The Constitution provides that the Mosman Directors may be paid for their services as directors a sum not exceeding such fixed sum per annum as may be determined by Mosman in general meeting, or until so determined, as the Mosman Directors resolve, to be divided among the Mosman Directors in such rate as the Mosman Board determines.

The remuneration of the Mosman Directors for the financial years ended 30 June 2013, 30 June 2014 and for half financial year ended 31 December 2014 are as follows:

Mosman Director	Remuneration <sup>1</sup>		
	Financial Year ended 30 June 2013	Financial Year ended 30 June 2014	Half Financial Year ended 31 December 2014
John W Barr	A\$144,000	A\$279,500	A\$148,750
Andrew Carroll	A\$75,000	A\$253,500	A\$264,682
John Young	A\$45,000	A\$49,821	A\$47,329

Note:

(1) Inclusive of consulting fees, director fees and superannuation.

The Mosman Directors, companies associated with the Mosman Directors and/or their Associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of Mosman and other miscellaneous expenses.

The Mosman Board reviews the remuneration of all Mosman Directors annually.

## 9.10 Expenses of the Offer

The total amount of cash that Mosman may become obliged to pay to satisfy all expenses incurred by Mosman and relating to the Offer will be provided from Mosman's existing cash balances.

Mosman estimates that it will incur fees for services provided in connection with the Offer, including for legal, taxation, financial advisers, share register and other professional fees as follows:

Expense	A\$
Legal Fees	201,000
Investigating Accountant Fee	29,000
Independent Technical Expert Fees	35,000
Financial Advisor and Consultancy Fees	235,000
Share Registry Fees & Printing	115,000
Other costs	33,000
<b>TOTAL<sup>1</sup></b>	<b>648,000</b>

Note:

(1) If Mosman is not required to obtain Mosman Shareholder approval of the Offer and does not have to publish an AIM admission document for the purposes of Rule 14 of the AIM Rules (refer to Sections 3.3(b) and 10.13), the expenses of the Offer will be approximately A\$315,000.

### **9.11 Material litigation**

So far as the Mosman Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which Mosman (or any other member of the Mosman Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of Mosman or the Mosman Group.

### **9.12 Foreign Shareholders**

MEO Shareholders who are Foreign Shareholders will not be entitled to receive Mosman Shares as consideration for their MEO Shares pursuant to the Offer.

A MEO Shareholder is a Foreign Shareholder for the purposes of the Offer if their address as shown in the register of members of MEO is in a jurisdiction other than Australia or its external territories. However, such a person will not be a Foreign Shareholder if Mosman is satisfied that it is not legally or practically constrained from making the Offer to a MEO Shareholder in the relevant jurisdiction and to issue Mosman Shares to such a shareholder on acceptance of the Offer, and that it is lawful for the shareholder to accept the Offer in such circumstances in the relevant jurisdiction. Notwithstanding anything else in this Bidder's Statement, Mosman is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

The Mosman Shares which would otherwise have been issued to Foreign Shareholders will instead be issued to the Sale Nominee, who will sell those Mosman Shares as soon as reasonably practicable on behalf of each Foreign Shareholder. The Sale Nominee will then remit the net proceeds of the sale of such Mosman Shares to the relevant Foreign Shareholders following the relevant sales.

### **9.13 MEO Options**

Mosman may, subject to any consent required by the ASX Listing Rules being obtained, seek to enter into private arrangements with holders of outstanding MEO Options to effect the cancellation of the MEO Options for the payment of a cancellation fee. Any such arrangements will be conditional on the Offer becoming unconditional and will comply with the Corporations Act and the ASX Listing Rules.

If the MEO Options are not cancelled pursuant to the arrangements referred to above, Mosman will, if entitled to do so, offer to buy-out all holders of MEO Options in accordance with Part 6A.1 of the Corporations Act. Refer to Section 6.4(d) for further details.

### **9.14 MEO American Depositary Receipts**

Under the MEO American Depositary Receipts (**MEO ADR**) program, custodians hold the MEO Shares underlying the MEO ADRs non-beneficially and on behalf of the MEO ADR holders (being foreign residents). In respect of the underlying MEO Shares, MEO ADR custodians will be treated as Foreign Shareholders. Therefore despite any other provision of the Offer, MEO ADR holders are offered and will receive as consideration for their underlying MEO Shares a cash amount calculated in accordance with the mechanism detailed in Section 10.10.

### **9.15 Status and potential waiver of Conditions**

The Offer is subject to a number of Conditions (as detailed in Section 10.11), including a minimum acceptance Condition (refer to Section 10.11(a)). Under the terms of the Offer and in accordance with the Corporations Act, any or all of those Conditions may be waived by Mosman.

If an event occurs which results (or would result) in the non-fulfilment of a Condition, Mosman may not make a decision as to whether it will either rely on that non-fulfilment, or instead waive the Condition, until the date for giving notice as to the status of the Conditions under section 630(3) of the Corporations Act (refer to Section 10.16).

If any of the Conditions are not satisfied, and Mosman decides to rely on that non-satisfaction, then any contract resulting from acceptance of the Offer will become void at the end of (or, in some cases, shortly after) the Offer Period, and the relevant MEO Shares will be returned to the holder.

As at the date of this Bidder's Statement, Mosman is not aware of any events which would result in a breach or inability to satisfy the Conditions.

Mosman will give a notice of the status of the Conditions in accordance with the Corporations Act on [\*\*] 2015 (subject to extension if the Offer Period is extended).

### **9.16 Consents**

Each of the parties referred to in this Section 9.16:

- (a) makes no representation regarding, and to the maximum extent permitted by law, expressly excludes any liability or responsibility for, any statements in or omissions from any part of the Bidder's Statement other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this Section 9.16; and
- (b) has not caused or authorised the issue of this Bidder's Statement or the making of the Offer.

The following parties have given their written consent to be named in this Bidder's Statement in the form and context in which they are named and for the inclusion of the statements that they have made and reports that they have prepared in the form and context in which they are included as detailed below, and have not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC:

- (a) Hardy Bowen has consented to being named in this Bidder's Statement as the Australian legal advisers to Mosman in relation to the Offer;
- (b) Ronaldsons LLP has consented to being named in this Bidder's Statement as the United Kingdom legal advisers to Mosman in relation to the Offer;
- (c) Computershare Investor Services Pty Limited has consented to being named in this Bidder's Statement as Mosman's Australian share registry;
- (d) Computershare Investor Services plc has consented to being named in this Bidder's Statement as Mosman's United Kingdom share registry;

- (e) ZAI Corporate Finance Limited has consented to being named in this Bidder's Statement as the AIM nominated adviser to Mosman;
- (f) BDO Corporate Finance (WA) Pty Ltd has consented to being named in this Bidder's Statement as the Investigating accountant and to the inclusion of the Investigating Accountant's Report in this Bidder's Statement;
- (g) SRK Consulting (Australasia) Pty Ltd has consented to being named in this Bidder's Statement as the independent technical expert as to Mosman's assets and to the inclusion of the Independent Technical Asset Report in this Bidder's Statement;
- (h) Graeme K Alexander has consented to being named in this Bidder's Statement and to the inclusion of the Tenement & Title Report in this Bidder's Statement;
- (i) SI Capital Limited has consented to being named in this Bidder's Statement as the AIM broker to Mosman; and
- (j) Dr Bruce McConachie has consented to being named in this Bidder's Statement as the competent person in relation to the Offer.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC. If you would like to receive a copy of any of these reports or statements free of charge, please contact Mosman's Company Secretary on +61 (0) 8 6555 2949.

### 9.17 Mosman AIM announcements

Mosman has lodged the following announcements with AIM since the lodgement of Mosman's annual report for the financial year ended 30 June 2014 with AIM on 24 October 2014:

Date Lodged	Description of Announcement
19 January 2015	Update Re: Proposed MEO Takeover Bid
14 January 2015	Corporate Update
22 December 2014	Update on takeover bid for MEO Australia Limited
18 December 2014	Corporate and NZ Resource Update
17 December 2014	Issue of Trident Debt Shares
15 December 2014	Statement re Takeover Proposal for MEO Australia
11 December 2014	Takeover proposal for MEO Australia Limited
9 December 2014	NZ 2014 Block Offer
5 December 2014	Canning Basin Update
2 December 2014	Holding(s) in Company
1 December 2014	Issue of Incentive Options

Date Lodged	Description of Announcement
28 November 2014	Result of AGM
27 November 2014	Holding(s) in Company
10 November 2014	Completion of Trident Acquisition
6 November 2014	Exercise of Options
5 November 2014	Corporate Update
24 October 2014	Notice of AGM

### **9.18 Other material information**

There is no other information material to the making of a decision by a holder of MEO Shares whether or not to accept the Offer being information that is known to Mosman and which has not previously been disclosed to MEO Shareholders other than as is contained elsewhere in this Bidder's Statement.

### **9.19 Expiry date**

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

### **9.20 Date for determining holders**

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Record Date.

### **9.21 ASIC modifications and exemptions**

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Mosman, in relation to the operation of Chapter 6 of the Corporations Act. Mosman may rely on this "Class Order" relief.

## **10. Terms of the Offer**

### **10.1 General terms**

Mosman offers to acquire all of your MEO Shares, together with all Rights attached to them, on the terms and conditions detailed in this Section 10.

The Offer Consideration being offered by Mosman for the acquisition of all of your MEO Shares is one Mosman Share for every 10 MEO Shares you own, subject to the terms and conditions detailed in this Section 10 and elsewhere in this Bidder's Statement.

If, after aggregating all your holdings, you become entitled to a fraction of a Mosman Share under the Offer, the number of Mosman Shares will be rounded up to the nearest whole Mosman Share (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5).

If you are a Foreign Shareholder at the time the Offer is made to you then, despite any other provision of the Offer, you are offered and will receive for your MEO Shares a cash amount calculated in accordance with the mechanism detailed in Section 10.10.

The Mosman Shares to be issued pursuant to the Offer will be fully paid and, from their date of issue, rank equally in all respects with existing Mosman Shares currently on issue.

A summary of the rights and obligations of the Mosman Shares to be issued pursuant to the Offer is detailed in Section 3.4.

The Offer is dated [\*\*] 2015.

### **10.2 Offer Period**

Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of the Offer and ending at 5:00pm (WST) on the later of:

- (a) [\*\*] 2015; or
- (b) any date to which the Offer Period is extended, in accordance with the Corporations Act.

Mosman reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.

If, within the last seven days of the Offer Period, either of the following events occurs:

- (a) the Offer is varied to improve the Offer Consideration; or
- (b) Mosman's voting power in MEO increases to more than 50%.

then the Offer Period will automatically be extended so that it ends 14 days after the relevant event referred to in (a) or (b) in accordance with section 624(2) of the Corporations Act.

### 10.3 Official Quotation of Mosman Shares

Mosman Shares are admitted to trading on AIM. The Offer and any contract that results from your acceptance of the Offer are subject to a condition that:

- (a) within seven days of the start of the Offer Period, Mosman makes an application for the Mosman Shares to be Issued to MEO Shareholders pursuant to the Offer to be admitted to trading on AIM; and
- (b) Mosman's application for the Mosman Shares to be issued to MEO Shareholders pursuant to the Offer to be admitted to trading on AIM is granted no later than seven days after the end of the Offer Period.

The condition detailed in this Section 10.3 is required by section 625(3) of the Corporations Act, is not a defeating condition for the purposes of the Corporations Act, and is not of the same nature as the conditions detailed in Section 10.11. Section 625(3) of the Corporations Act provides that the Offer cannot be freed of the condition detailed in this Section 10.3, and consequently no statement made by Mosman can be taken to be a waiver of that condition. If the condition detailed in this Section 10.3 is not fulfilled, all contracts resulting from acceptance of the Offer will be automatically void.

Admission to trading on AIM of the Mosman Shares to be issued to MEO Shareholders pursuant to the Offer will not be automatically granted on application. However, Mosman has no reason to believe that the Mosman Shares to be issued to MEO Shareholders pursuant to the Offer will not be admitted to trading on AIM.

### 10.4 Who may accept the Offer

An Offer in this form and bearing the same date is being made to each person registered as a holder of MEO Shares on MEO's register of members at 5:00pm (WST) on the Record Date.

The Offer also extends to each person who, during the period from the Record Date until the end of the Offer Period, becomes registered as a holder of MEO Shares or is entitled to be registered as the holder of MEO Shares during the Offer Period.

A person who:

- (a) is able during the Offer Period to give good title to a parcel of MEO Shares; and
- (b) has not already accepted the Offer which relates to those MEO Shares,

may accept as if an Offer from Mosman on terms identical with the Offer had been made to that person in relation to those MEO Shares.

If, at the time the Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of your MEO Shares, then:

- (a) a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to that other person in respect of those MEO Shares;



- (b) a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to you in respect of any other MEO Shares you hold to which the Offer relates; and
- (c) the Offer will be deemed to have been withdrawn immediately at that time.

If at any time during the Offer Period you are registered as the holder of one or more parcels of MEO Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as the Offer has been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each distinct parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance and Transfer Form, please call Mosman's Company Secretary on +61 (0) 8 6555 2949 to request those additional copies.

The Offer is not registered in any jurisdiction outside Australia (unless an applicable Foreign Law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any Foreign Law applicable to you to accept the Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents.

If your MEO Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.

### **10.5 How to accept the Offer**

You may only accept the Offer in respect of all (and not a lesser number) of your MEO Shares. For example, if you have 10,000 MEO Shares and you wish to accept the Offer, you may only accept the Offer in respect of 10,000 MEO Shares.

You may accept the Offer at any time during the Offer Period.

### **10.6 Acceptance and Transfer Form and other documents**

The Acceptance and Transfer Form forms part of the Offer. The requirements on the Acceptance and Transfer Form must be observed in accepting the Offer.

For your acceptance to be valid you must ensure that your Acceptance and Transfer Form (including any documents required by the terms of the Offer and the Instructions on the Acceptance and Transfer Form) are posted or delivered in sufficient time for it to be received by Mosman at the address shown on the Acceptance and Transfer Form before the end of the Offer Period. You may only return your Acceptance and Transfer Form by facsimile with the prior approval of Mosman.

The postage and transmission of the Acceptance and Transfer Form and other documents is at your own risk.

When accepting the Offer, you must also forward for inspection:

- (a) if the Acceptance and Transfer Form is executed by an attorney, a certified copy of the power of attorney; and
- (b) if the Acceptance and Transfer Form is executed by the executor of a will or the administrator of the estate of a deceased MEO Shareholder, the relevant grant of probate or letters of administration.

## 10.7 Validity of acceptances

Subject to the matters in this Section 10.7, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures detailed in Sections 10.5 and 10.6.

Mosman may, in its sole discretion, at any time deem any Acceptance and Transfer Form it receives to be a valid acceptance in respect of your MEO Shares even if a requirement for acceptance has not been complied with.

Mosman may at any time in its sole discretion:

- (a) treat the receipt by it of an Acceptance and Transfer Form during the Offer Period (or in an envelope post-marked before the expiry of the Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with and without further communication to you; and
- (b) where you have satisfied the requirements for acceptance in respect of only some of your MEO Shares, treat the acceptance as a valid acceptance in respect of all of your MEO Shares.

In respect of any part of an acceptance treated by it as valid, Mosman will provide you with the relevant consideration in accordance with Section 10.9 and the exercise of Mosman's rights under this Section 10.7 will be conclusive and only evidenced by its so doing. The payment of consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Mosman.

None of the matters detailed in this Section 10.7 constitute conditions of the Offer.

## 10.8 The effect of acceptance

- (a) Once you have accepted the Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Offer or otherwise dispose of your MEO Shares, except as follows:
  - (i) if, by the times specified in Section 10.8(b) below, the Conditions have not all been satisfied or waived, the Offer will automatically terminate and your MEO Shares will be returned to you; or
  - (ii) If the Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when Mosman has to meet its obligations under the Offer, and, at the time, the Offer is subject to one or more of the Conditions, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

- (b) The relevant times for the purposes of Section 10.8(a)(i) are:
- (i) in relation to the Conditions in Section 10.11(k) (but only to the extent the Conditions are the same as the conditions set out in section 652C(1) or (2) of the Corporations Act), the end of the third Business Day after the end of the Offer Period; and
  - (ii) in relation to all other Conditions, not less than seven days before the last day of the Offer Period.
- (c) By following the procedures detailed in Sections 10.5 and 10.6, you will be deemed to have:
- (i) accepted the Offer (and any variation to it) in respect of the MEO Shares registered in your name to which the Offer relates, regardless of the number of MEO Shares specified in the Acceptance and Transfer Form;
  - (ii) agreed to the terms of the Offer and, subject to the Conditions being satisfied or waived, agreed to transfer to Mosman all of your MEO Shares and all of the Rights attached to those MEO Shares;
  - (iii) agreed to accept the consideration being offered by Mosman and have authorised Mosman to place your name on its register of shareholders in respect of Mosman Shares offered by Mosman as consideration, and agreed to be bound by the Constitution;
  - (iv) irrevocably authorised Mosman to complete the Acceptance and Transfer Form by correcting any errors in or omissions from the Acceptance and Transfer Form as may be necessary:
    - (A) to make the Acceptance and Transfer Form an effective acceptance of the Offer; and
    - (B) to enable registration of the transfer to Mosman of your MEO Shares;
  - (v) if any of your MEO Shares are in CHESS Holding, irrevocably authorised Mosman to:
    - (A) instruct your Controlling Participant to initiate acceptance of the Offer in respect of all of such MEO Shares in accordance with the ASX Settlement Operating Rules; and
    - (B) give any other instructions in relation to such MEO Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant;
  - (vi) irrevocably authorised and directed MEO to pay to Mosman or to account to Mosman for all dividends and other distributions and entitlements which are declared, paid or which MEO or accrue after the date of the Offer in respect of your MEO Shares (subject to Mosman accounting to you for any dividends, distributions or

entitlements received by it if your acceptance of the Offer is validly withdrawn pursuant to section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);

- (vii) represented and warranted to Mosman that:
- (A) Mosman will acquire good title to and beneficial ownership of all of your MEO Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;
  - (B) you have paid MEO all amounts which are due in respect of your MEO Shares;
  - (C) all of your MEO Shares are fully paid;
  - (D) you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership of your MEO Shares (together with all rights attached to them) to Mosman; and
  - (E) you are not and are not acting on behalf of a Foreign Shareholder, except where indicated on the Acceptance Form;
- (viii) unless you are a Foreign Shareholder, agreed to accept the Mosman Shares to which you become entitled by accepting the Offer subject to the Constitution and the terms of issue of the Mosman Shares and to have authorised Mosman to place your name on its register of shareholders as the holder of the Mosman Shares issued to you under the Offer;
- (ix) acknowledged and agreed that if you are a Foreign Shareholder, Mosman will arrange for any Mosman Shares otherwise issuable to you to be issued and sold, and the net proceeds to be remitted to you, as detailed in Section 10.10;
- (x) represented and warranted to Mosman that the making by Mosman to you, and your acceptance, of the Offer is lawful under any Foreign Law which applies to you, to the making of the Offer, and to your acceptance of the Offer;
- (xi) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared, unconditional, appointed (and agreed not to revoke that appointment) Mosman and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your MEO Shares or in exercise of any right or power derived from the holding of your MEO Shares including, without limitation:
- (A) attend and vote in respect of your MEO Shares at any and all meetings of MEO;

- (B) requisition or join with other holders of MEO Shares in requisitioning or convening a meeting of the members of MEO;
- (C) demand a poll for any vote to be taken at any meeting of MEO Shareholders;
- (D) propose or second any resolutions to be considered at any, and all meetings of MEO Shareholders;
- (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Mosman as a proxy in respect of all or any of your MEO Shares and a transfer form for your MEO Shares), proxies, consents, agreements and resolutions relating to your MEO Shares;
- (F) request MEO to register in the name of Mosman or its nominee your MEO Shares which you hold on any register of MEO; and
- (G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of Mosman as the beneficial owner and intended registered holder of your MEO Shares in respect of which you have accepted the Offer and to have further agreed to do all such acts, matters and things that Mosman may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this Section 10.8(c)(xi) which complies in all respects with the requirements of the constitution of MEO) if requested by Mosman. This appointment is irrevocable and terminates upon registration of a transfer to Mosman of your MEO Shares;

- (xii) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared, unconditional, agreed not to vote in person at any general meeting of MEO or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on Mosman and the directors, secretaries and other officers of Mosman by Section 10.8(c)(xi) above;
- (xiii) irrevocably authorised Mosman to notify MEO on your behalf that your place of address for the purposes of serving notices in respect of your MEO Shares is the address specified by Mosman in the notification;
- (xiv) represented and warranted to Mosman that, unless you have notified it in accordance with Section 10.3, your MEO Shares do not consist of a separate parcel of shares;
- (xv) agreed, subject to the Conditions being satisfied or waived, to execute all such documents, transfers and assurances, and do all

such acts, matters and things that Mosman may consider necessary or desirable to convey your MEO Shares registered in your name and Rights attached to your MEO Shares to Mosman; and

- (xvi) agreed to indemnify Mosman in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your MEO Shares to Mosman by MEO without product of your HIN or SRN.

The representations, warranties, undertakings and authorities detailed in this Section 10.8 will (unless otherwise stated) remain in force after you receive the consideration for your MEO Shares and after Mosman becomes registered as the holder of your MEO Shares.

### **10.9 Payment of Offer Consideration**

- (a) Subject to the terms of the Offer and the Corporations Act, Mosman will provide the consideration for your MEO Shares on or before the earlier of:
  - (i) one month after the date of your acceptance or, if the Offer is subject to a Condition when you accept the Offer, within one month after the Offer becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period.
- (b) Under no circumstances will interest be paid on the consideration to which you are entitled to under the Offer, regardless of any delay in providing the consideration or any extension of the Offer.
- (c) Where the Acceptance and Transfer Form requires an additional document to be given with your acceptance (such as a power of attorney):
  - (i) if that document is given with your acceptance, Mosman will provide the consideration for your MEO Shares in accordance with Section 10.9(a);
  - (ii) if that document is given after acceptance and before the end of the Offer Period while the Offer is subject to a Condition, Mosman will provide the consideration for your MEO Shares due to you on or before the earlier of:
    - (A) one month after the Offer becomes unconditional; or
    - (B) 21 days after the end of the Offer Period;
  - (iii) if that document is given after acceptance and before the end of the Offer Period while the Offer is not subject to a Condition, Mosman will provide the consideration for your MEO Shares due to you within one month after that document is given to Mosman;
  - (iv) if that document is given after acceptance and after the end of the Offer Period, and the Offer is not subject to a Condition, Mosman

will provide the consideration for your MEO Shares within 21 days after that document is given to Mosman; and

- (v) if that document is given after your acceptance and after the end of the Offer Period, and the Offer is still subject to a Condition that relates only to the happening of an event or circumstances referred to in section 652C(1) or (2) of the Corporations Act, Mosman will provide the consideration for your MEO Shares within 21 days after the Offer becomes unconditional.
- (d) Subject to the matters detailed in Section 10.10, the obligation of Mosman to allot and issue any Mosman Shares to which you are entitled under the Offer will be satisfied by:
- (i) entering your name on the register of members of Mosman; and
  - (ii) despatching or procuring the despatch to you by pre-paid post to your last recorded address on the most recent copy of MEO's register of members after the Offer goes unconditional, an uncertificated holding statement in your name. If your MEO Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to the last recorded address on the most recent copy of MEO's register of members.
- (e) If, at the time you accept the Offer, any of the following:
- (i) *Banking (Foreign Exchange) Regulations 1959 (Cth)*;
  - (ii) *Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth)*;
  - (iii) *Charter of the United Nations (Sanctions - Al-Qaida and the Taliban) Regulations 2008 (Cth)*;
  - (iv) *Charter of the United Nations (Sanctions - Iraq) Regulations 2008 (Cth)*; or
  - (v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other Government Agency be obtained before you receive any consideration for your MEO Shares, or would make it unlawful for Mosman to provide any consideration to you for your MEO Shares, you will not be entitled to receive any consideration for your MEO Shares until all requisite authorities, clearances or approvals have been received by Mosman.

### **10.10 Foreign Shareholders**

If you are a Foreign Shareholder, you will not be entitled to receive Mosman Shares as the consideration for your MEO Shares as a result of accepting the Offer, and Mosman will:

- (a) arrange for the issue to a nominee approved by ASIC (the **Sale Nominee**) of the number of Mosman Shares to which you and all other Foreign Shareholders would have been entitled but for this Section 10.10 and the equivalent provision of each other offer under the Offer;
- (b) cause the Sale Nominee to sell those Mosman Shares as soon as reasonably practicable on AIM and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith; and
- (c) following the relevant sales, cause the Sale Nominee to pay to you the amount ascertained in accordance with the following formula (calculated on an average basis so that all Foreign Shareholders who accept the Offer receive the same value per MEO Share, subject to rounding):

$$\text{Net Proceeds of Sale} \quad \times \quad \frac{\text{YS}}{\text{TS}}$$

Where:

- (i) **Net Proceeds of Sale** is the amount received by the Sale Nominee upon the sale of Mosman Shares under this Section 10.10, less the expenses of the sale (brokerage, stamp duty and other selling costs, taxes and charges);
- (ii) **YS** is the number of Mosman Shares which would, but for this Section 10.10, have been allotted and issued to you; and
- (iii) **TS** is the total number of Mosman Shares allotted and issued to the Sale Nominee under this Section 10.10 in respect of the MEO Shares held by all Foreign Shareholders.

You will be paid your share of the proceeds of the sale of Mosman Shares by the Sale Nominee in Australian dollars.

Payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders by airmail) as soon as practicable (following the relevant sale) and in any event within the period required by the Corporations Act to the address provided on your Acceptance and Transfer Form.

Under no circumstances will interest be paid on your share of the proceeds of the sale of Mosman Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.

### 10.11 Conditions of the Offer

The Offer and any other contract that results from acceptance of the Offer are subject to the fulfilment of the following Conditions:

(a) **Minimum acceptance**

At or before the end of the Offer Period, Mosman has a Relevant Interest in such number of MEO Shares which represents at least 90% of the aggregate of all MEO Shares on issue at the end of the Offer Period.



(b) **Mosman Shareholder approval**

Before the end of the Offer Period, Mosman Shareholders approve, by ordinary resolution, the acquisition of the MEO Shares by Mosman under the Offer for the purposes of Rule 14 of the AIM Rules. Refer to Section 10.13 for further details.

(c) **Regulatory approvals**

Before the end of the Offer Period, all approvals or consents that are required by any applicable law, by any Government Agency or by any other Third Party as are necessary to permit:

- (i) the Offer to be lawfully made to and accepted by the MEO Shareholders;
- (ii) the transactions contemplated by this Bidder's Statement to be completed; and
- (iii) the MEO Group to be in material compliance with each of its contracts, permits, licences and other agreements,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

(d) **No regulatory actions**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by any Government Agency;
- (ii) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (iii) no application is made to any Government Agency (other than by Mosman or any Associate of Mosman),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impacts upon, the making of the Offer and the completion of any transaction contemplated by this Bidder's Statement or which requires the divestiture by Mosman of any MEO Shares or any material assets of any MEO Group Entity.

(e) **Other acquisitions or mergers**

Between the Announcement Date and the end of the Offer Period (each inclusive), no person:

- (i) directly or indirectly acquires a Relevant Interest in 19.9% or more of the MEO Shares on issue (but not as a custodian, nominee or bare trustee);
- (ii) acquires control of MEO (within the meaning of section 50AA of the Corporations Act); or
- (iii) otherwise acquires or merges with MEO.

(f) **Conduct of business**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) no MEO Group Entity enters into any contract or commitment requiring payments by the MEO Group in excess of A\$1,000,000 (individually or in aggregate) other than any payment required by law;
- (ii) no MEO Group Entity incurs or commit to incur an amount of capital expenditure in excess of A\$500,000 (individually or in aggregate) other than:
  - (A) capital expenditure incurred on existing projects in which MEO has an interest as at the Announcement Date; or
  - (B) capital expenditure in the day to day operating activities of the business of MEO Group conducted in the same manner as before the Announcement Date;
- (iii) no MEO Group Entity conducts its business other than in the ordinary course; and
- (iv) MEO does not enter into or otherwise become a party to a transaction with a related party or related entity (as those terms are defined in the Corporations Act).

(g) **No material adverse change**

Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs:

- (i) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (ii) information is disclosed or announced by MEO concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (iii) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Mosman (whether or not becoming public),

(each a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind

that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (iv) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the MEO Group taken as a whole; or
- (v) without limiting the generality of section 10.11(g)(iv) above, the effect of a diminution in the value of the consolidated net assets of the MEO Group taken as a whole, by at least A\$2,000,000 against what it would reasonably have been expected to have been but for such Specified Event;

other than:

- (vi) an event, matter, change or circumstance caused, or materially contributed to, by Mosman;
- (vii) anything required or permitted to be done or not done in respect to any transaction contemplated by the Proposal or otherwise required to be done in connection with the legal obligations in respect to the Offer; or
- (viii) an event or matter which MEO fully and fairly disclosed in an announcement made to the ASX prior to the Announcement Date.

**(h) Change in control**

Between the Announcement Date and the end of the Offer Period (each inclusive), no person exercises or purports to exercise, states an intention to exercise, or has any rights (whether subject to conditions or not) under any provision of any agreement or other instrument to which any MEO Group Entity is a party, or by or to which any MEO Group Entity or any of their assets may be bound or subject, which could result, to any extent which is material in the context of the MEO Group taken as a whole, in:

- (i) any such agreement or other instrument being terminated, varied or modified or any action being taken or arising thereunder;
- (ii) the interest of any MEO Group Entity in any firm, joint venture, trust, corporation or other entity (or any arrangements in relation to such interest) being terminated, varied or modified; or
- (iii) the business of any MEO Group Entity with any other person being adversely affected,

as a result of the Offer or the acquisition of MEO Shares by Mosman.

**(i) No litigation**

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against any MEO Group Entity which could reasonably be expected to give rise to a liability for the MEO Group in excess of A\$1,000,000 is commenced, is threatened to be commenced, announced, or made known to Mosman (whether or not becoming public)

or MEO, other than that which has been fully and fairly disclosed to the ASX by MEO prior to the Announcement Date.

(j) **Dividend distributions**

Between the Announcement Date and the end of the Offer Period (each inclusive), MEO does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

(k) **No prescribed occurrences**

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following events occurs:

- (i) MEO converts all or any of MEO Shares into a larger or smaller number of MEO Shares;
- (ii) any MEO Group Entity resolves to reduce its share capital in any way;
- (iii) any MEO Group Entity enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) any MEO Group Entity issues shares or grants an option over any of its shares or agrees to make such an issue or grant such an option other than the issue of any shares in accordance with the exercise of MEO Options or MEO Performance Rights issued or granted prior to the Announcement Date;
- (v) any MEO Group Entity issues, or agrees to issue, convertible notes;
- (vi) any MEO Group Entity disposes or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) any MEO Group Entity grants, or agrees to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (viii) any MEO Group Entity resolves that it be wound up;
- (ix) a liquidator or provisional liquidator of any MEO Group Entity is appointed;
- (x) a court makes an order for the winding up of any MEO Group Entity;
- (xi) an administrator of any MEO Group Entity is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) any MEO Group Entity executes a deed of company arrangement;  
or

- (xiii) a receiver, or receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of any MEO Group Entity.

## 10.12 Nature of Conditions

Each of the Conditions:

- (a) constitutes and will be construed as a separate, several and distinct condition;
- (b) is a condition subsequent; and
- (c) until the expiration of the Offer Period (or in the case of a Condition that relates to a circumstance or event referred to in section 652C(1) or 652C(2) of the Corporations Act, until three Business Days after the end of the Offer Period) will be for the benefit of Mosman alone and may be relied upon only by Mosman.

## 10.13 Mosman Shareholder approval

The Offer is subject to a condition that before the end of the Offer Period, Mosman Shareholders approve, by ordinary resolution, the acquisition of the MEO Shares by Mosman under the Offer for the purposes of Rule 14 of the AIM Rules (refer to Section 10.11(b)).

MEO Shareholders should note that the Offer will remain subject to the Condition in Section 10.11(b) unless and until it is satisfied or waived.

As the Offer is for 100% of the Issued share capital of MEO, it is currently considered to be a "reverse takeover" for the purposes of the AIM Rules as it exceeds 100% of certain class tests prescribed by the AIM Rules.

If the minimum acceptance Condition (refer to Section 10.11) is satisfied or waived, then:

- (a) Mosman Shareholder approval of the Offer will be required (which is currently a Condition); and
- (b) Mosman will be required to publish an AIM admission document,

save that if Mosman waives the minimum acceptance Condition and will not acquire such number of MEO Shares so as to trigger a "reverse takeover" under the relevant AIM Rules class tests, it will not be required to obtain the approval of Mosman Shareholders and publish an AIM admission document. Based on discussions to date with AIM, 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 36% or less of the MEO Shares the subject of the Offer (based on the current publically available financial information for MEO and Mosman). In such circumstances Mosman will also waive the Mosman Shareholder approval Condition.

Refer to Section 6 for details of Mosman's intentions depending on the level of acceptances of the Offer.

If Mosman requires Mosman Shareholder approval for the acquisition of the MEO Shares under the Offer for the purposes of Rule 14 of the AIM Rules (having regard to the level of acceptances and application of the relevant AIM Rules class tests), Mosman 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. Mosman will send each MEO Shareholder a formal notice of extension of the Offer Period.

Mosman will keep MEO Shareholders updated and make announcements on the AIM platform, Mosman's website and, where appropriate, by post.

Should Mosman Shareholders fail to approve the acquisition of the MEO Shares under the Offer for the purposes of Rule 14 of the AIM Rule, Mosman will not proceed with the Offer.

The Mosman Directors advise that if Mosman requires Mosman Shareholder approval for the purposes of Rule 14 of the AIM Rules:

- (c) they will promptly arrange for necessary documents be prepared in order to convene a general meeting to seek the necessary Mosman Shareholder approvals as soon as reasonably practicable; and
- (d) it is their intention to support the resolutions approving the acquisition of the MEO Shares under the Offer for the purposes of Rule 14 of the AIM Rule.

Additional fees will be incurred if Mosman Shareholder approval of the Offer is required and Mosman is required to publish an AIM admission document. Refer to Section 2.10 for further details.

#### **10.14 Effect of breach or non-fulfilment of Conditions**

The breach or non-fulfilment of any Condition does not, until the end of the Offer Period, prevent a contract arising to acquire your MEO Shares resulting from your acceptance of the Offer but, if at the end of the Offer Period, any of the Conditions have not been satisfied and Mosman has not declared the Offer (or it has not become) free from the relevant Condition(s), all contracts resulting from the acceptance of the Offer will be automatically void.

#### **10.15 Freeing the Offer of Conditions**

Mosman may free the Offer, and any contract resulting from its acceptance, from all or any of the Conditions by giving notice to MEO declaring the Offer to be free from the relevant Conditions specified in accordance with section 650F of the Corporations Act. This notice may be given:

- (a) in relation to the Conditions in Section 10.11(k) (but only to the extent the Conditions are the same as the conditions set out in section 652C(1) or (2) of the Corporations Act) – not later than three Business Days after the end of the Offer Period; and
- (b) in relation to all other Conditions – not less than seven days before the end of the Offer Period.

## 10.16 Notice of status of Conditions

The date for giving the notice required by section 630(1) of the Corporations Act is [\*\*] 2015, subject to extension in accordance with section 630(2) if the Offer Period is extended.

## 10.17 Withdrawal of Offer

Mosman may withdraw the Offer at any time before you accept it, but only with the consent in writing of ASIC (which consent may be given subject to such conditions, if any, as are imposed by ASIC). If ASIC gives such consent, Mosman will give notice of the withdrawal to MEO and comply with any other conditions imposed by ASIC.

## 10.18 Variation

Mosman may vary the Offer in accordance with section 650D the Corporations Act.

## 10.19 Date of Offer

The Offer is dated [\*\*] 2015.

## 10.20 Other matters

### (a) Notices and other communications

Subject to the Corporations Act, a notice or other communication given by Mosman to you in connection with the Offer shall be deemed to be duly given if it is in writing and is:

- (i) delivered at your address as recorded on the register of members of MEO or the address shown on your Acceptance Form; or
- (ii) sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

### (b) Return of documents

If:

- (i) the Offer is withdrawn after your Acceptance Form has been sent to Mosman, but before it has been received; or
- (ii) for any reason Mosman does not acquire the MEO Shares to which your Acceptance Form relates,

you may request Mosman by notice in writing to despatch (at your risk) your Acceptance Form together with all other documents forwarded by you, to such address as you nominate. Where such address is inside Australia, the documents will be despatched by pre-paid ordinary mail. Where such address is outside Australia, the documents will be despatched by pre-paid airmail.

### (c) Stamp duty or other costs

All costs and expenses of the preparation, despatch and circulation of the Offer and any stamp duty payable in respect of the transfers will be paid by Mosman.

As long as your MEO Shares are registered in your name and you deliver them directly to Mosman, you will not incur any brokerage in connection with your acceptance of the Offer.

(d) **Foreign Laws**

The Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of this Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this offer and to receive MEO Shares (if any) as Offer Consideration.

(e) **Governing law**

The Offer and any contract that results from your acceptance of the Offer is governed by the laws in force in Western Australia.



## 11. Authority of Mosman Directors

This Bidder's Statement is dated 28 January 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

## 12. Definitions and interpretation

### 12.1 Definitions

In this Bidder's Statement, unless the context otherwise requires:

**\$, AUD or A\$** means Australian dollars.

**£** means British pounds sterling.

**2014 NZ Block Offer Permits** has the meaning given in Section 2.5(a).

**Acceptance and Transfer Form** means the form of acceptance for the Offer enclosed with this Bidder's Statement or alternatively any acceptance and transfer form sent to a MEO Shareholder by the Australian Registry in relation to the Offer, as the context requires.

**AEST** means Australian Eastern Standard Time.

**AIM** means the AIM market of the London Stock Exchange plc.

**AIM Nominated Adviser** means ZAI Corporate Finance Limited.

**AIM Rules** means the official listing rules of AIM, being the AIM Rules for Companies, as amended from time to time.

**Amadeus Basin Projects** has the meaning given in Section 2.8(a).

**Annexure** means an annexure to this Bidder's Statement.

**Announcement Date** means 11 December 2014, being the date the Offer was announced on AIM.

**Applicable Law** means the Corporations Act, the AIM Rules and the rules of any exchange on which Mosman Shares are from time to time trading.

**APPPL** has the meaning given in Section 2.2(c).

**APPPL Shareholders' Agreement** has the meaning given in Section 2.13(b).

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given in chapter 6 of the Corporations Act.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as the context requires).

**ASX Listing Rules** means the official listing rules of the ASX.

**ASX Settlement** means ASX Settlement Pty Limited ABN 49 008 504 532.

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement.

**ASX Settlement Participant** means an ASX Settlement Participant under the ASX Settlement Operating Rules.

**Australasian Energy** has the meaning given in Section 2.13(a)(ii).

**Australian Registry** means Computershare Investor Services Pty Limited, the Australian share registry for the Offer.

**Bidder's Statement** means this document including the Annexures.

**Broker** means a person who is a share broker and a participant in CHESS.

**Bscf** means billion standard cubic feet.

**Buru** has the meaning given in Section 2.9(a).

**Business Day** means a day on which banks are open for business in Perth, Western Australia other than a Saturday, Sunday or public holiday.

**Canning Basin Permit** has the meaning given in Section 2.9(a).

**CGT** has the meaning given in Section 7.

**CHESS** means the Clearing House Electronic Subregister System, which provides for electronic share transfer in Australia.

**CHESS Holding** means a holding of MEO Shares on the CHESS subregister of MEO.

**City Takeover Code** has the meaning given in Section 3.3(c).

**Combined Entity** means Mosman and its Subsidiaries following the acquisition by Mosman of all, or a portion of, the MEO Shares on issue.

**Commonwealth Heritage Act** has the meaning given in Section 8.3(q).

**Contingent Resources** has the meaning given in SPE-PRMS, being those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from known accumulations but the applied projects are not yet considered mature enough for commercial development due to one or more contingencies.

**Conditions** means the conditions of the Offer detailed in Section 10.11.

**Constitution** means the constitution of Mosman.

**Control** has the meaning given in section 50AA of the Corporations Act.

**Controlling Participant** means the Broker or ASX Settlement Participant who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules.

**Corporations Act** means the Australian *Corporations Act 2001* (Cth).

**CREST** means the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in the UK which is administered by Euroclear UK & Ireland Limited.

**CREST Regulations** means the *Uncertificated Securities Regulations 2001* (SI 2001 No. 3755), as amended from time to time.

**Depository** has the meaning given in Section 3.1.

**Disclosure and Transparency Rules** has the meaning given in Section 3.4(b).

**Discoveries** means the evidence of a sufficient quantity of petroleum to justify further appraisal activities which requires a holder of an exploration permit to give notice pursuant to Regulation 34A of the Crown Minerals (Petroleum) Regulations of New Zealand.

**DMP** means the Department of Mines and Petroleum of Western Australia.

**Encumbrance** means any mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

**Eni** has the meaning given in Section 4.3(f).

**EP145 Deed for Exploration** has the meaning given in Section 2.13(d)(i).

**EP156 Deed for Exploration** has the meaning given in Section 2.13(d)(ii).

**Farmin Agreement** has the meaning given in Section 2.13(e).

**Foreign Law** means a law of a jurisdiction other than Australia.

**Foreign Shareholder** means any MEO Shareholder whose address, as entered in the register of members of MEO, is in a jurisdiction other than Australia (and its external Territories), unless Mosman otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a MEO Shareholder in the relevant jurisdiction and to issue Mosman Shares to such a MEO Shareholder on acceptance of the Offer, and that it is not unlawful for such a MEO Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

**Government Agency** means any government or any governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

**GST** means Goods and Services Tax.

**Independent Technical Asset Report** means the report dated 28 January 2015 prepared by SRK included as Annexure B.

**Interested Persons** has the meaning given in Section 9.7.

**Investigating Accountant's Report** means the report dated 27 January 2015 prepared by BDO Corporate Finance (WA) Pty Ltd included as Annexure A.

**Joint Venture Agreement** has the meaning given in Section 2.13(c).

**Kea** has the meaning given in Section 4.3(a).

**Kensington** has the meaning given in Section 2.13(a)(i).

**London Stock Exchange or LSE** means the London Stock Exchange plc.

**Loyz** has the meaning given in Section 2.7(c).

**MEO** means MEO Australia Limited ACN 066 447 952.

**MEO ADR** has the meaning given in Section 9.14.

**MEO Board** means the board of MEO Directors.

**MEO Director** means a director of MEO as at the date of this Bidder's Statement.

**MEO Group** means MEO and its Subsidiaries.

**MEO Group Entity** means a member of the MEO Group.

**MEO Scheme Booklet** means the scheme booklet in relation to the scheme of arrangement under Part 5.1 of the Corporations Act between Neon and MEO Shareholders prepared by MEO pursuant to section 412 of the Corporations Act.

**MEO Share** means a fully paid ordinary share in the capital of MEO.

**MEO Shareholders** means all registered holders of MEO Shares.

**MEO Option** means an option to acquire a MEO Share.

**MEO Performance Right** means an entitlement to MEO Share, subject to vesting and satisfaction of any vesting conditions, granted pursuant to MEO's long term incentive plan approved by MEO Shareholders at MEO's annual general meeting convened and held on 15 November 2012.

**Metallon** has the meaning given Section 2.13(a)(iii).

**Minerals Act** means the Crown Minerals Act 1991 of New Zealand.

**Minister** means the minister for the Mines and Petroleum of Western Australia.

**MMboe** means million barrels of oil equivalent.

**Mmstb** means million stock barrels.

**Mtpa** means million tonnes per annum.

**Mosman** means Mosman Oil and Gas Limited ACN 150 287 111.

**Mosman Board** means the board of Mosman Directors.

**Mosman Director** means a director of Mosman as at the date of this Bidder's Statement.

**Mosman DIs** has the meaning given in Section 3.1.

**Mosman Group** means Mosman and its Subsidiaries.

- Mosman Option** means an option to acquire a Mosman Share.
- Mosman NZ** has the meaning given in Section 2.2.
- Mosman Share** means a fully paid ordinary share in Mosman.
- Mosman Shareholder** means a registered holder of a Mosman Share.
- Murchison Permit** has the meaning given in Section 2.5(a).
- MWP Well** has the meaning given in Section 2.13(e).
- Native Title Act** means the *Native Title Act 1993 (Cth)*.
- Neon** means Neon Energy Limited ACN 002 796 974.
- Nomad Agreement** has the meaning given in Section 2.13(f).
- Nominated Well** has the meaning given in Section 2.13(e).
- Offer** means the off-market takeover offer by Mosman of one Mosman Share for every 10 MEO Shares on the terms and conditions detailed in this Bidder's Statement.
- Offer Consideration** means one Mosman Share for every 10 MEO Shares.
- Offer Period** means the period during which the Offer is open for acceptance.
- Officer Basin Project** has the meaning given in Section 2.6(a).
- Official List** means the Official List of the United Kingdom Listing Authority.
- OIIP** means oil initially in place.
- OilCo** has the meaning given in Section 2.1.
- OPGGS Act** has the meaning given in Section 8.3(b).
- Otway Basin Project** has the meaning given in Section 2.7(a).
- Palatine Energy** has the meaning given in Section 2.13(b).
- Petroleum Act NT** has the meaning given in Section 8.3(b).
- Petroleum Act WA** has the meaning given in Section 8.3(b).
- Petroleum Creek Project** has the meaning given in Section 2.4(a).
- Piripiri Permit** has the meaning given in Section 2.5(a).
- PPPL** has the meaning given in Section 2.2(c).
- PPSA** means the *Personal Property Securities Act 2009 (Cth)*.

**Prospective Resources** has the meaning given in SPE-PRMS, being those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future projects.

**PSC** means production sharing contract.

**QCA** has the meaning given in Section 3.9.

**QCA Code** has the meaning given in Section 3.9.

**Record Date** means the date set by Mosman under section 633(2) of the Corporations Act, being [\*\*] 2015.

**Related Body Corporate** has the meaning given in section 50 of the Corporations Act.

**Related Person** means in relation to either Mosman or MEO:

- (a) a Related Body Corporate;
- (b) its advisers or an adviser of a Related Body Corporate; or
- (c) an officer or employee of any entity referred to in paragraphs (a) or (b) above.

**Relevant Interest** has the meaning given in section 9 of the Corporations Act.

**Rights** means all accreditations, benefits and rights attaching to or arising from MEO Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by MEO).

**Sale Nominee** has the meaning given in Section 10.10.

**Section** means a section of this Bidder's Statement.

**Security Interest** has the meaning given in section 12 of the PPSA.

**SI Capital** means SI Capital Limited.

**Specified Event** has the meaning given in 10.11(g).

**SPE-PRMS** means the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers, and the Guidelines for Application of the Petroleum Resources Management System (November 2011 edition).

**square km** means square kilometre.

**Stakeholder** means any community group, industry group, environmental group, landowners or traditional owners.

**Strategic Review** has the meaning given in Section 6.4(a).

**Subsidiary** means a subsidiary within the meaning given to that term in section 9 of the Corporations Act.

**Takeover Code** means the City Code on Takeovers and Mergers (as amended).

**Takeovers Panel** means the Takeovers Panel established under section 171 of the *Australian Securities and Investments Commission Act 2001* (Cth).

**Taramakau Permit** has the meaning given in Section 2.5(a).

**Target's Statement** means the target's statement to be prepared by MEO in relation to the Offer in compliance with Part 6.5 of the Corporations Act.

**Tenement & Title Report** means the report dated 26 January 2015 prepared by Graeme K Alexander on Mosman's tenement interests included as Annexure C.

**Third Party** means a party other than MEO, Mosman and any of their Subsidiaries.

**Trident** has the meaning given in Section 2.1.

**UK** means the United Kingdom of Great Britain and Northern Ireland.

**VWAP** means volume weighted average price of 'on-market' trades on AIM (i.e. normal trades, cross trades, stabilisation trades and short sell trades).

**ZAI** has the meaning given in Section 2.13(f).

## 12.2 Interpretation

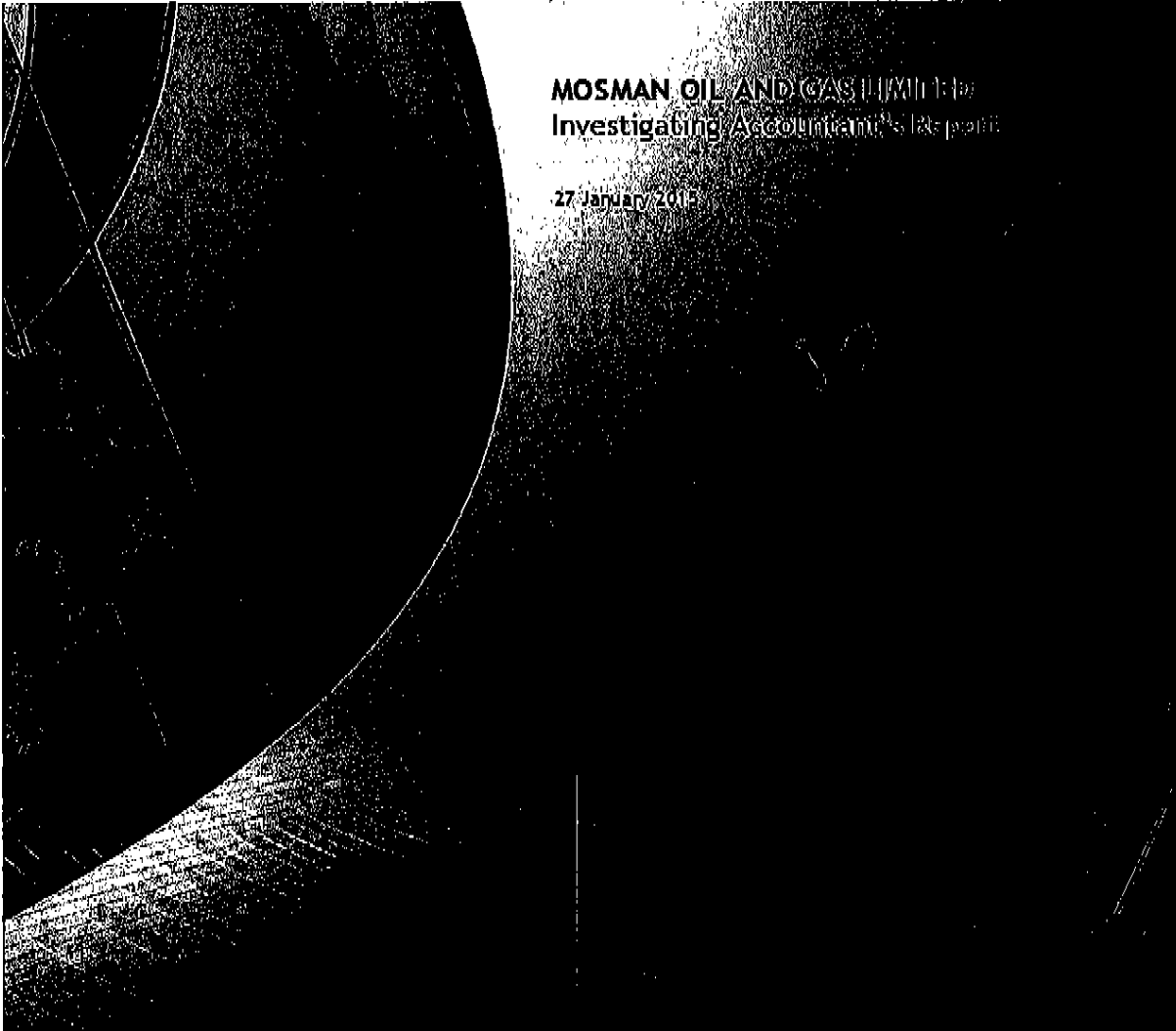
The following rules of Interpretation apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Australian Western Standard Time (WST) time, unless otherwise stated;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a Section is to a Section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;



- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (n) a reference to "you" is to a person to whom the Offer is made; and
- (o) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

**Annexure A – Investigating Accountant's Report**



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 Australia

27 January 2015

The Directors  
 Mosman Oil and Gas Limited  
 Level 1  
 981 Wellington Street  
 WEST PERTH WA 6005

Dear Sirs

## INVESTIGATING ACCOUNTANT'S REPORT

### 1. Introduction

We have been engaged by Mosman Oil and Gas Limited ('Mosman' or 'the Company') to prepare this Investigating Accountant's Report ('Report') on the historical financial information and pro forma historical financial information of Mosman for inclusion in a Bidder's Statement for Mosman to be lodged with the Australian Securities and Investments Commission ('ASIC') in respect to a takeover bid for MEO Australia Limited ('MEO') pursuant to Chapter 6 of the Corporations Act 2001 (Cth) ('Takeover Bid').

Broadly, Mosman is offering 1 Mosman share for every 10 MEO shares held.

Expressions defined in the Bidder's Statement have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

### 2. Scope

The Company has requested BDO to prepare this Report to cover the following information:

#### Historical Financial Information

The financial information contained in the Appendices to this Report comprises the following:

- historical financial information for Mosman, being the:
  - historical statements of profit or loss and other comprehensive income for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014 and the half year ended 31 December 2014;
  - historical statements of financial position as at 30 June 2012, 30 June 2013 and 30 June 2014 and the half year ended 31 December 2014; and
  - Significant Accounting Policies and Material Accounting Matters,

(collectively the 'historical financial information').

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and Mosmans' adopted accounting policies. The historical financial information has been extracted from the financial information of Mosman for the six months

ended 31 December 2014, which was reviewed by the Company's auditor in accordance with the Australian Auditing Standards. The Company's auditor has issued an unmodified opinion on the historical financial information.

The historical financial information is presented in the Appendices to this Report in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

#### **Pro Forma historical financial information**

You have requested BDO to review the pro forma historical statement of financial position as at 31 December 2014 for Mosman referred to as the 'pro forma historical financial information'

The pro forma historical financial information has been derived from the historical financial information of Mosman, after adjusting for the effects of any subsequent events described in section 6 and the pro forma adjustments described in section 7. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 6 and section 7, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position.

### **3. Director's responsibility**

The directors of Mosman are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

### **4. Our responsibility**

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

## 5. Conclusion

### Historical financial information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the historical financial information as set out in the Appendices to this Report does not present fairly, in all material aspects, the financial performance for the six months ended 31 December 2014 or the financial position as at 31 December 2014 in accordance with the stated basis of preparation as described in section 2.

### Pro-forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 2.

## 6. Subsequent Events

The pro-forma statement of financial position reflects that no material events that have occurred subsequent to the period ended 31 December 2014:

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, no other material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

## 7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro-forma statement of financial position post issue is shown in Appendix 2. This has been prepared based on the reviewed financial statements as at 31 December 2014, the subsequent events set out in section 6, and the following transactions and events relating to the Takeover Bid:

- The issue of 75,048,839 Shares to Meo Shareholders ;
- A Mosman share price of 7.25p;
- An exchange rate of 1 GBP = AUD \$1.90;
- The consolidation of MEO based on the most recently available financial statements, being 30 June 2014; and
- Adjustment to the 30 June 2014 financial statements as disclosed in MEO's scheme booklet for the proposed scheme of arrangement with Neon Energy Limited as announced to the ASX on 19 December 2015.

## 8. Disclosures

BDO Corporate Finance (WA) Pty Ltd is the corporate advisory arm of BDO in Perth. Without modifying our conclusions, we draw attention to the Bidder's Statement, which describes the purpose of the financial information, being for inclusion in the Bidder's Statement. As a result, the financial information may not be suitable for use for another purpose.

Neither BDO Corporate Finance (WA) Pty Ltd nor BDO, nor any director or executive or employee thereof, has any financial interest in the outcome of the proposed transaction except for the normal professional fee due for the preparation of this Report.

Consent to the inclusion of the Investigating Accountant's Report in the Bidder's Statement in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Adam Myers

Director

**APPENDIX 1**  
**MOSMAN OIL AND GAS LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR**  
**THE HALF YEAR ENDED 31 DECEMBER 2014**

	\$
Interest Income	3,060
Administrative costs	(155,359)
Corporate costs	(998,074)
Exploration costs written off	(4,450)
Employee Benefits expense	(45,271)
Gain/ Loss on foreign exchange	(3,275)
Share based payments	(681,039)
Depreciation	(7,391)
Interest expense	(20,541)
<b>Loss from ordinary activities before income tax expense</b>	<b>(1,912,340)</b>
Income tax expense	-
<b>Net Loss for the year</b>	<b>(1,912,340)</b>
 <b>Other Comprehensive Income</b>	
Items that will not be subsequently reclassified to profit or loss when specific conditions are met - Exchange differences on translation of foreign operations	264,975
<b>Total Other Comprehensive Income</b>	<b>264,975</b>
<b>Total comprehensive income attributable to members of the entity</b>	<b>(1,647,365)</b>

This consolidated statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4. Past performance is not a guide to future performance.

**APPENDIX 2**  
**MOSMAN OIL AND GAS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		Revised as at	Acquisition of	Pro-forma	Pro-forma
	Note	31 Dec. 14	M&O	adjustments	after acquisition
		\$	\$		of MFO
					\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		2,190,086	15,989,872	-	18,179,958
Trade and other receivables		239,623	410,890	-	650,513
<b>TOTAL CURRENT ASSETS</b>		<b>2,429,709</b>	<b>16,400,762</b>	<b>-</b>	<b>18,830,471</b>
<b>NON CURRENT ASSETS</b>					
Property, plant and equipment	2	276,831	802,679	(442,000)	637,510
Capitalised mineral exploration expenditure	3	11,105,750	11,330,618	(11,330,618)	11,105,750
Intangible assets	4	-	274,234	(274,234)	-
<b>TOTAL NON CURRENT ASSETS</b>		<b>11,382,581</b>	<b>12,407,531</b>	<b>(12,046,852)</b>	<b>11,743,260</b>
<b>TOTAL ASSETS</b>		<b>13,812,290</b>	<b>28,808,293</b>	<b>(12,046,852)</b>	<b>30,573,731</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	5	645,484	1,528,895	315,000	2,489,379
Provisions		7,000	241,059	-	248,059
Borrowings		713,686	-	-	713,686
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,366,170</b>	<b>1,769,954</b>	<b>315,000</b>	<b>3,451,124</b>
<b>NON CURRENT LIABILITIES</b>					
Provisions		-	309,882	-	309,882
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>-</b>	<b>309,882</b>	<b>-</b>	<b>309,882</b>
<b>TOTAL LIABILITIES</b>		<b>1,366,170</b>	<b>2,079,836</b>	<b>315,000</b>	<b>3,761,006</b>
<b>NET ASSETS</b>		<b>12,446,120</b>	<b>26,728,457</b>	<b>(12,361,852)</b>	<b>26,812,725</b>
<b>EQUITY</b>					
Contributed equity	6	15,843,520	262,367,184	(252,029,206)	26,201,498
Reserves	7	1,362,467	3,979,795	(3,979,795)	1,362,467
Accumulated losses	8	(4,779,867)	(239,618,512)	243,647,149	(751,240)
<b>TOTAL EQUITY</b>		<b>12,446,120</b>	<b>26,728,457</b>	<b>(12,361,852)</b>	<b>26,812,725</b>

The pro-forma statement of financial position after the completion of the Takeover Bid as per the statement of financial position before the Takeover Bid adjusted for any subsequent events and the transactions relating to the issue of Mosman Shares pursuant to the Takeover Bid. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4.



## APPENDIX 3

## MOSMAN OIL AND GAS LIMITED

## NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

## (a) Basis of Preparation

The historical financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial information has also been prepared on a historical cost basis, except for derivatives and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal group's held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

## Going Concern

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

## (b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Mosman Oil and Gas Limited at the end of the reporting period. A controlled entity is any entity over which Mosman Oil and Gas Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Where the consideration exceeds the net assets of the entity being acquired, assets where applicable (ie exploration assets and intangibles) have been adjusted to reflect the difference between fair market value and carrying value. Any remaining excess is recognised as a gain on acquisition.

**(c) Use of Estimates and Judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Critical Accounting Estimates and Judgements****Impairment**

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

**Taxation**

Balances disclosed in the financial statements and the notes related to taxation, are based on the best estimates of directors and take into account the financial performance and position of the Group as they pertain to current income tax legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current tax position represents the best estimate, pending assessment by the tax authorities.

**Exploration and evaluation assets**

The accounting policy for exploration and evaluation expenditure results in expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that the recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to profit and loss.

**(d) Income Tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized;

The carrying amount of deferred income tax assets is reviewed at each balance sheet date reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognized directly in equity are recognized in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**(e) Goods and Services Tax**

Revenues, expenses and assets are recognized net of the amount of GST except:

- (i) Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognized as part of the cost of acquisition of the asset, or as part of the expense item as applicable;
- (ii) Receivables and payables are stated with the amount of GST included;
- (iii) The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position;
- (iv) Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows; and
- (v) Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(f) Property, Plant and Equipment**

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognized either in profit or loss, or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(o) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

**(g) Exploration and Evaluation Assets**

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and is subject to impairment testing. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

Such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or

Exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned, or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where a resource has been identified and where it is expected that future expenditures will be recovered by future exploitation or sale, the impairment of the exploration and evaluation is written back and transferred to development costs. Once production commences, the accumulated costs for the relevant area of interest are amortized over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration and rehabilitation are recognized when the Company has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Exploration and evaluation assets are assessed for impairment. If facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

**(h) Accounts Payable**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(i) Contributed Equity**

*Issued Capital*

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

**(j) Earnings Per Share**

Basic earnings per share ('EPS') are calculated based upon the net loss divided by the weighted average number of shares. Diluted EPS are calculated as the net loss divided by the weighted average number of shares and dilutive potential shares.

**(k) Share-Based Payment Transactions**

The Group provides benefits to Directors KMP and consultants of the Group in the form of share-based payment transactions, whereby employees and consultants render services in exchange for shares or rights over shares ('Equity-settled transactions').

The value of equity settled securities is recognised, together with a corresponding increase in equity.

Where the Group acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share-based payment transactions, the fair value of the assets acquired are measured at grant date. The value is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

**(l) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(m) Financial Risk Management**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, to identify and analyse the risks faced by the Group. These risks include credit risk, liquidity risk and market risk from the use of financial instruments. The Group has only limited use of financial instruments through its cash holdings being invested in short term interest bearing securities. The Group has no debt, and working capital is maintained at its highest level possible and regularly reviewed by the full board.

**(n) Financial Instruments**

**Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognized when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as a fair value through profit or loss. Transaction costs related to instruments classified as a fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

**Derecognition**

Financial assets are derecognized where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognized in profit or loss.

**Classification and Subsequent Measurement**

**I. Financial assets at fair value through profit or loss**

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realized and unrealized gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

**II. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost using the effective interest rate method.

### iii. Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortized cost using the effective interest rate method.

### iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

### v. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost using the effective interest rate method.

### vi. Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognized in the income statement.

#### (o) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### (p) Employee Entitlements

Liabilities for wages and salaries, annual leave and other current employee entitlements expected to be settled within 12 months of the reporting date are recognized in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates paid or payable.

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

#### (q) Provisions

Provisions are recognized when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outlay can be reliably measured.

**(r) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**(s) Revenue and other income**

Interest revenue is recognized using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

**(t) Acquisition of subsidiary not deemed a business combination**

The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities transferred and the equity interests issued by the group. The consideration transferred also include the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in an asset acquisition, are with limited exceptions, measured initially at their fair values at the acquisition date. The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as deferred exploration expenditure.

	Reviewed 31-Dec-14 \$	Pro-forma after acquisition of MEO \$
<b>NOTE 2. PROPERTY PLANT AND EQUIPMENT</b>		
Property plant and equipment	276,831	637,510
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Mosman at 31 December 2014		276,831
<i>Acquisition of MEO</i>		802,679
Fair value adjustment as disclosed in MEO's scheme booklet due to office relocation		(442,000)
		<u>360,679</u>
Pro-forma Balance		<u>637,510</u>

	Reviewed 31-Dec-14	Pro-forma after acquisition of MEO
<b>NOTE 3. CAPITALISED MINERAL EXPLORATION EXPENDITURE</b>	\$	\$
Capitalised mineral exploration expenditure	11,105,750	11,105,750
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Mosman at 31 December 2014		11,105,750
<i>Acquisition of Meo</i>		11,330,618
Fair value adjustment to reflect the difference between the consideration and the fair value of MEO's exploration assets		(11,330,618)
<b>Pro-forma Balance</b>		<b>11,105,750</b>

	Reviewed 31-Dec-14	Pro-forma after acquisition of MEO
<b>NOTE 4. INTANGIBLE ASSETS</b>	\$	\$
Intangible assets	-	-
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Mosman at 31 December 2014		-
<i>Acquisition of MEO</i>		274,234
Fair value adjustment to reflect the difference between the consideration and the fair value of MEO's intangible assets		(274,234)
<b>Pro-forma Balance</b>		<b>-</b>

	Reviewed 31-Dec-14	Pro-forma after acquisition of MEO
<b>NOTE 5. TRADE AND OTHER PAYABLES</b>	\$	\$
Trade and other payables	645,484	2,489,379
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Mosman at 31 December 2014		645,484
<i>Acquisition of MEO</i>		1,528,895
Costs of the Offer		315,000
<b>Pro-forma Balance</b>		<b>2,489,379</b>



	Reviewed 31-Dec-14 \$	Pro-forma after acquisition of MEO \$
<b>NOTE 6. CONTRIBUTED EQUITY</b>		
Issued and fully paid shares	15,863,520	26,201,498
	<b>Number of shares</b>	<b>\$</b>
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Mosman at 31 December 2014	91,804,308	15,863,520
Shares Issued to acquire MEO	75,048,839	10,337,978
	75,048,839	10,337,978
<b>Pro-forma Balance</b>	<b>166,853,147</b>	<b>26,201,498</b>

	Reviewed 31-Dec-14 \$	Pro-forma after acquisition of MEO \$
<b>NOTE 7. RESERVES</b>		
Reserves	1,362,467	1,362,467
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Mosman at 31 December 2014		1,362,467
Acquisition of MEO		3,979,795
Elimination of MEO pre-acquisition reserves		(3,979,795)
		-
<b>Pro-forma Balance</b>		<b>1,362,467</b>

	Reviewed 31-Dec-14	Pro-forma after acquisition of MEO
<b>NOTE 8. ACCUMULATED LOSSES</b>	\$	\$
Accumulated losses	<u>(4,779,867)</u>	<u>(751,240)</u>
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Mosman at 31 December 2014		(4,779,867)
Acquisition of MEO		(239,618,522)
Elimination of MEO pre acquisition losses		239,618,522
Costs of the Offer		(315,000)
Gain on acquisition		<u>4,343,627</u>
Pro-forma Balance		<u><u>(751,240)</u></u>
The fair value gain is calculated as follows:		
Net assets of MEO		26,728,457
Fair value adjustment to property plant and equipment following MEO's office relocation		(442,000)
Fair value adjustment to reflect the difference between the consideration and the fair value of MEO's exploration assets		(11,330,618)
Fair value adjustment to reflect the difference between the consideration and the fair value of MEO's exploration assets		(274,234)
Fair value of assets acquired		<u>14,681,605</u>
Consideration		<u>10,337,978</u>
Gain on acquisition		<u>4,343,627</u>

APPENDIX 4  
MOSMAN OIL AND GAS LIMITED  
CONSOLIDATED HISTORICAL FINANCIAL INFORMATION  
EXTRACTED FROM AUDITED FINANCIAL STATEMENTS

<b>Current Assets</b>	<b>Consolidated 30 June 2014</b>	<b>Consolidated 30 June 2013</b>	<b>Consolidated 30 June 2012</b>
	\$	\$	\$
Cash and cash equivalents	6,289,921	427,666	205,755
Trade and other receivables	266,788	22,346	-
<b>Total Current Assets</b>	<b>6,556,709</b>	<b>450,014</b>	<b>-</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	3,573	5,703	-
Capitalized oil & gas exploration expenditure	3,986,591	183,973	74,706
<b>Total Non-current Assets</b>	<b>3,990,164</b>	<b>189,676</b>	<b>74,706</b>
<b>Total Assets</b>	<b>10,546,873</b>	<b>639,690</b>	<b>280,461</b>
<b>Current Liabilities</b>			
Trade and other payables	1,005,936	59,065	22,500
Provisions	4,692	-	-
Share application monies received in advance	15,000	-	-
<b>Total Current Liabilities</b>	<b>1,025,628</b>	<b>59,065</b>	<b>22,500</b>
<b>Net Assets</b>	<b>9,521,245</b>	<b>580,625</b>	<b>257,961</b>
<b>Shareholders' Equity</b>			
Contributed equity	11,872,319	1,585,000	550,000
Option Reserve	416,453	-	-
Accumulated losses	(2,867,527)	(1,004,375)	(292,039)
<b>Total Shareholders' Equity</b>	<b>9,521,245</b>	<b>580,625</b>	<b>257,961</b>

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$	Consolidated 30 June 2012 \$
Interest income	2,524	2,773	14,327
Administrative expenses	(57,155)	(7,409)	(4,232)
Corporate expenses	(1,385,595)	(326,009)	(153,000)
Exploration write off	(3,015)	(305,252)	(122,036)
Employee benefits expense	(52,276)	(25,888)	-
Share based payments expense	(328,522)	(50,000)	-
Gain/(Loss) on foreign exchange	(36,983)	-	-
Depreciation expense	(2,130)	(753)	-
<b>Loss from ordinary activities before income tax expense</b>	<b>(1,863,152)</b>	<b>(712,336)</b>	<b>(264,941)</b>
Income tax expense	-	-	-
<b>Net loss for the year</b>	<b>(1,863,152)</b>	<b>(712,336)</b>	<b>(264,941)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to members of the entity</b>	<b>(1,863,152)</b>	<b>(712,336)</b>	<b>(264,941)</b>

**Annexure B – Independent Technical Asset Report**

**Mosman Oil and Gas  
Independent Technical Asset  
Report - Resources and  
Prospectivity**

Report Prepared for

**Mosman Oil and Gas**



**MOSMAN OIL AND GAS**  
LIMITED



Report Prepared by



SRK Consulting (Australasia) Pty Ltd

Project Number: MOS010

January 2015

# **Mosman Oil and Gas**

## **Independent Technical Asset Report - Resources and Prospectivity**

### **Mosman Oil and Gas**

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**January 2015**

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Cover Photo: Oil saturated Cobden Limestone – Petroleum Creek Project

## Executive Summary

Mosman Oil and Gas Ltd requested SRK Consulting to prepare a technical summary of the Mosman Oil and Gas assets in Australia and New Zealand to include in an ASX document to support the recent proposed takeover of MEO Australia Ltd.

**Mosman (AIM: MSMN)** is an Australia and New Zealand focused oil exploration and development company with a strategy to build a sustainable mid-tier oil and gas business by acquisition and organic growth.

Currently, Mosman Oil and Gas has a total of ten permits or permit interests in New Zealand and Australia. The permits status range from appraisal of discovered oil through to exploration, applications and one is held by an option to acquire.

**Table ES-1: Mosman Oil and Gas Permits subject of the current report**

New Zealand	%	Status	Size (sq. km)
Petroleum Creek (PEP 38526)	100%	Exploration	144
Taramakau (PEP 57067)	100%	Exploration	990
Murchison (PEP 57068)	100%	Exploration	517
East Coast (PEP 57058)	100%	Exploration	883
Australia			
Officer Basin (STP-EPA-0071)	25%	Application	22,527
Otway (VIC P62)	30%	Exploration	2,461
Amadeus Basin (EP145)	100%	Exploration	818
Amadeus Basin (EP(A) 155)	100%	Application	378
Amadeus Basin (EP156)	100%	Exploration	4,164
Canning Basin (EP478)	17.5%	Option only	1,769
<b>Total</b>			<b>34,851</b>

### Petroleum Creek Project, New Zealand

Mosman owns 100% of permit PEP 38526, the Petroleum Creek Project, which is a 143.6 sq. km low cost onshore exploration project located near Greymouth on the South Island in the southern extension of the proven Taranaki oil system. The permit contains both Contingent Resources and Prospective Resources.

**Table ES-2: Summary of the Contingent Oil Resources estimates in Bbls, PEP 38526**  
(Contingent Resources are by definition, discovered hydrocarbons. They are recoverable but the economics of their production is not yet proven, Appendix A)

	P90	P50	MEAN	P10
<b>Crystal-1 (36)</b>	<b>2,877</b>	<b>15,757</b>	<b>34,716</b>	<b>87,362</b>
Cobden	1,305	6,272	12,236	30,147
Lower 8Mile	1,572	9,485	22,480	57,215
<b>Cross Roads-1 (8)</b>	<b>1,473</b>	<b>8,783</b>	<b>21,230</b>	<b>53,910</b>
Cobden	623	2,975	5,770	14,197
Lower 8Mile	850	5,808	15,459	39,713
<b>Total</b>	<b>4,350</b>	<b>24,540</b>	<b>55,945</b>	<b>141,272</b>

#### Taramakau, Murchison and East Coast Permits, New Zealand

These permits were granted to Mosman in December 2014 as part of the 2014 Block Offer. The blocks have good prospectivity and leads have been identified. The Murchison Project (PEP 57068) contains the shut-in Blackwater-1 oil and gas discovery.

#### Officer Basin Project, Australia

Mosman has a 25% investment in the Officer Basin Project, a 22,527 sq. km large land holding with significant exploration potential, which lies in one of the more explored parts of the Basin with road access. The project area is in the Western Australian part of the Officer Basin and offers both conventional and unconventional potential with hydrocarbon shows reported and all elements of a petroleum system are present. Leads have been identified in the permit.

#### Amadeus Basin Projects, Australia

Mosman owns 100% of two granted permits and one application area in the Amadeus Basin in Central Australia which total of 5,458 sq. km. The Amadeus Basin is considered one of the most prospective onshore areas in the Northern Territory of Australia for both conventional and unconventional oil and gas, and hosts the producing Mereenie, Palm Valley and Surprise fields.

Both unconventional and conventional leads are known to occur in the blocks.

#### Otway Basin Project, Australia

Mosman owns 30% of VIC/P62 in the Otway Basin. The permit was recently renewed and is in relatively shallow water. The 70% permit holder funded a 3D seismic survey in 2013. The results of the 3D seismic survey are now being integrated in to a geological model to allow identification and ranking of drilling targets. Within the Otway Basin there is commercial production both onshore and offshore.

Conventional leads have been identified on the 3D and 2D seismic data in the permit.

#### Canning Basin, Australia (Option to acquire 17.5%)

Area EP478 comprises a gazetted petroleum exploration block in the Canning Basin of WA.

Several conventional leads have been identified and work is progressing to undertake drill testing of the best opportunity.



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Appendix A: Category Definitions of Petroleum Reserves and Resources

## Glossary of oil and gas terms

%.....	per cent
bbl.....	barrel
BBTU.....	billions of British Thermal Units
BBTU/d.....	billions of British Thermal Units per day
Bcf.....	billion standard cubic feet of gas
bcpd.....	barrels of condensate per day
bfpd.....	barrels of fluid per day
boe.....	barrels of oil equivalent
boepd.....	barrels of oil equivalent per day
bopd.....	barrels of oil per day
bwpd.....	barrels of water per day
Capex.....	capital expenditure
E&A.....	Exploration and Appraisal
EIA.....	Environmental Impact Assessment
EPC.....	Engineering, Procurement and Construction
FOA.....	Farm Out Agreement
FPSO.....	Floating Production Storage and Offloading vessel
FSO.....	Floating Storage and Offloading vessel
FTP.....	First Tranche Petroleum
G&A.....	General and Administrative
GBP.....	British Pound, the lawful currency of the United Kingdom
GSA.....	Gas Sales Agreement
ISPC.....	Incremental Production Sharing Agreement
JOA.....	Joint Operating Agreement
JOB.....	Joint Operating Body
km.....	kilometre
LLCR.....	Loan Life Cover Ratio
m.....	metre
Mbcpd.....	thousand barrels of condensate per day
mD.....	millidarcy
MDT.....	Modular Formation Dynamics Tester
Mbfpd.....	thousand barrels of fluid per day
Mboepd.....	thousand barrels of oil equivalent per day

Mbopd.....	thousand barrels of oil per day
Mbwpd.....	thousand barrels of water per day
MMbbl.....	million barrels of oil
Mmboe.....	million barrels of oil equivalent
MMBTU.....	millions of British thermal units
MMscf.....	million standard cubic feet of gas
MMscfd.....	million standard cubic feet of gas per day
MOL.....	an amount of a chemical substance that contains as many elementary entities (e.g. atoms, molecules) as there are atoms in 12 grams of pure carbon-12 (approx. $6 \times 10^{23}$ elementary entities of the substance)
MW.....	megawatt
NGLs.....	Natural Gas Liquids
NZP&M.....	New Zealand Petroleum & Minerals, the New Zealand Government body charged with managing New Zealand's oil, gas, mineral and coal resources, refer to website <a href="http://www.nzpam.govt.nz">www.nzpam.govt.nz</a>
Opex.....	operating expenditure
Permeability.....	measure of the ease with which a fluid flows through a rock. The units are millidarcies or darcies
PLCR.....	Project Life Cover Ratio
POD.....	Plan of Development
Porosity.....	measure of how much of a rock is open space. This space can be between grains or within cracks or cavities of the rock. Measured in %.
PSC.....	Production Sharing Contract
STOIIP.....	Stock Tank Oil Initially In Place
Tcf.....	trillion standard cubic feet of gas
US\$.....	United States Dollar, the lawful currency of the United States of America
WHP.....	Wellhead Platform
WI.....	Working Interest

## PRMS Definitions and Guidelines - summary

(Further details are provided in Appendix A)

**CONTINGENT RESOURCES** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

**UNRECOVERABLE** is that portion of Discovered or Undiscovered Petroleum Initially-In-Place quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur, the remaining portion may never be recovered due to physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

### PRMS Guidelines 2011 state:

Contingent Resources may be assigned for projects that are dependent on "technology under development."

**It is recommended that the following guidelines are considered to distinguish these from quantities that should be classified as Unrecoverable:**

- 1 The technology has been demonstrated to be commercially viable in analogous reservoirs. Discovered recoverable quantities may be classified as Contingent Resources.
- 2 The technology has been demonstrated to be commercially viable in other reservoirs that are not analogous, and a pilot project will be necessary to demonstrate commerciality for this reservoir. If a pilot project is planned and budgeted, discovered recoverable quantities from the full project may be classified as Contingent Resources. If no pilot project is currently planned, all quantities should be classified as Unrecoverable.
- 3 The technology has not been demonstrated to be commercially viable but is currently under active development, and there is sufficient direct evidence (e.g., from a test project) to indicate that it may reasonably be expected to be available for commercial application within 5 years. Discovered Recoverable quantities from the full project may be classified as Contingent Resources.
- 4 The technology has not been demonstrated to be commercially viable and is not currently under active development, and/or there is not yet any direct evidence to indicate that it may reasonably be expected to be available for commercial application within 5 years. All quantities should be classified as Unrecoverable.

### Definition of Prospective Resources, $P_{90}$ , $P_{10}$ , $P_{50}$ , $P_{mean}$

While there may be a significant risk that sub-commercial or undiscovered accumulations will not achieve commercial production, it is useful to consider the range of potentially recoverable volumes independently of such a risk.

Prospective Resources are those quantities of petroleum which are estimated to be potentially recoverable from undiscovered accumulations. These estimates are derived from volumetric estimates for the reservoir size, estimates of the reservoir characteristics (porosity, permeability, oil saturation). The basis of these estimates would be available geological and geophysical data, and the data from any existing wells in the given area.

Any estimation of resource quantities for an accumulation is subject to both technical and commercial uncertainties and consequently there will be a range of estimates which in general will be substantially greater for undiscovered accumulations than for discovered accumulations. In all cases, however, the actual range will be dependent on the amount and quality of data (both technical and commercial) which is available for that accumulation. As more data become available for a specific accumulation (for example wells and reservoir performance data) the range of uncertainty would be reduced.

Probabilistic methods are normally used to quantify the uncertainty in these estimated quantities and the results of the analysis are typically presented by stating resource quantities at the following levels of confidence:

- **P<sub>90</sub> resource** reflects a volume estimate that, assuming the accumulation is developed, there is a 90% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a low estimate of resource.
- **P<sub>50</sub> resource** reflects a volume estimate that, assuming the accumulation is developed, there is a 50% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a median estimate of resource.
- **P<sub>10</sub> resource** reflects a volume estimate that, assuming the accumulation is developed, there is a 10% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a high estimate of resource.
- **P<sub>mean</sub>** is the mean of the probability distribution for the resource estimates. This is often not the same as P<sub>50</sub> as the distribution can be skewed by high resource numbers with relatively low probabilities.

## 1 Introduction and Scope of Report

**Mosman Oil and Gas Limited** ("Mosman"; AIM: MSMN) is an Australia and New Zealand focused oil exploration and development company. Currently, Mosman has a total of nine permits or accepted permit applications in New Zealand and Australia and one option available in Australia.

SRK Consulting was engaged to present the following Independent Technical Assessment report of the oil and gas assets of Mosman Oil and Gas.

### Disclaimer

This report is based on data and materials provided by MOG and by public domain research carried out by SRK Consulting. The information provided by MOG consisted of background information, copies of licenses and applications plus maps and reports.

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Mosman Oil & Gas (MOG). The opinions in this Report are provided in response to a specific request from MOG to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report refer to conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

### Warranties and Indemnities

Mosman Oil and Gas Limited has warranted to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

As recommended by the VALMIN Code, Mosman Oil and Gas has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required which:

- Results from SRK's reliance on information provided by Mosman or to Mosman not providing material information; or
- Relates to any consequential extension workload through queries, questions or public hearings arising from this Report

### Consent

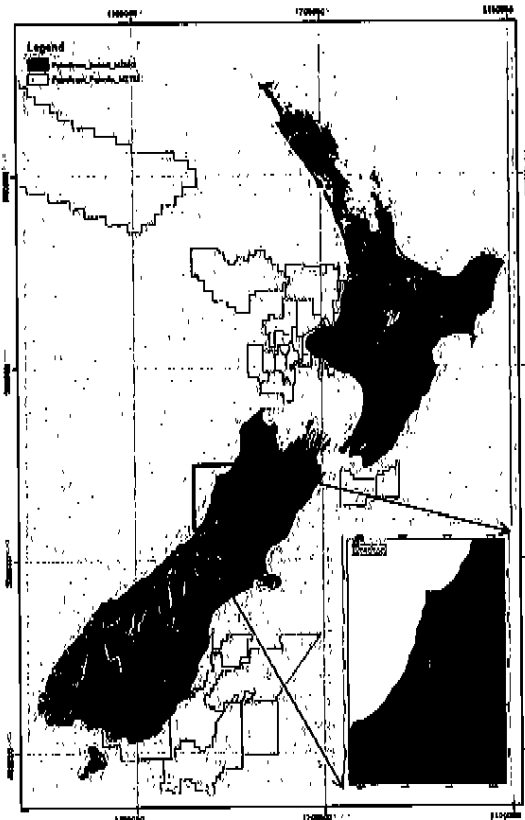
SRK consents to this Report being included, in full, in the Mosman Oil and Gas Limited bidder's statement in relation to the proposed takeover bid by Mosman for all of the ordinary shares in MEO Australia Limited, in the form and context in which the technical assessment is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report.



## 2 New Zealand Projects

### 2.1 Petroleum Creek Project, New Zealand

The Petroleum Creek Project (PEP38526) is located on the northwest of the South Island of New Zealand (Figure 2-1).



**Figure 2-1: Location of PEP38526 on the South Island West Coast**

Oil and gas seeps are relatively common in the Westland and Murchison basins (Figure 2-2 and Figure 2-3), indicating that hydrocarbons have been generated. They have attracted explorers for over a century. Onshore exploration has so far concentrated on anticlinal plays such as the Brunner and Kotuku anticlines in the Westland Basin. The depths to drilling targets are shallow but so far there has been no commercial success. Evaluating the potential of some structures is complicated by the locally intense structural deformation related to the transpressional Alpine Fault plate boundary. (NZPAM 2013)

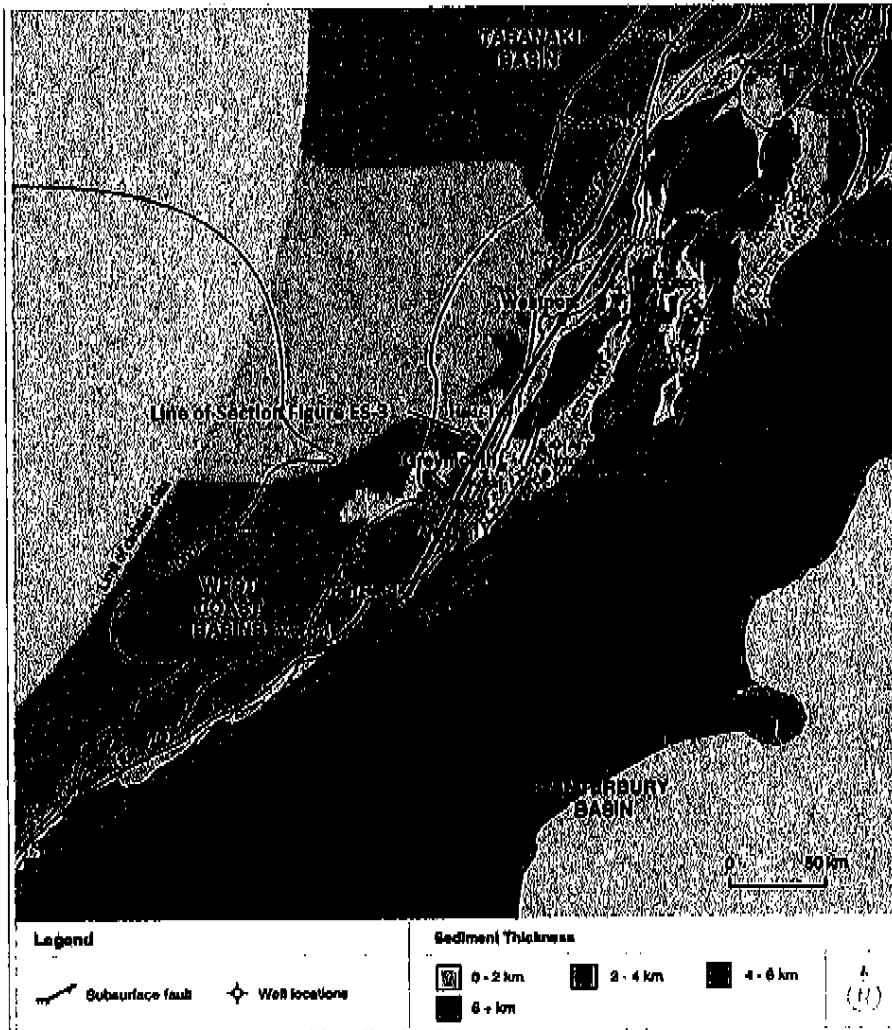
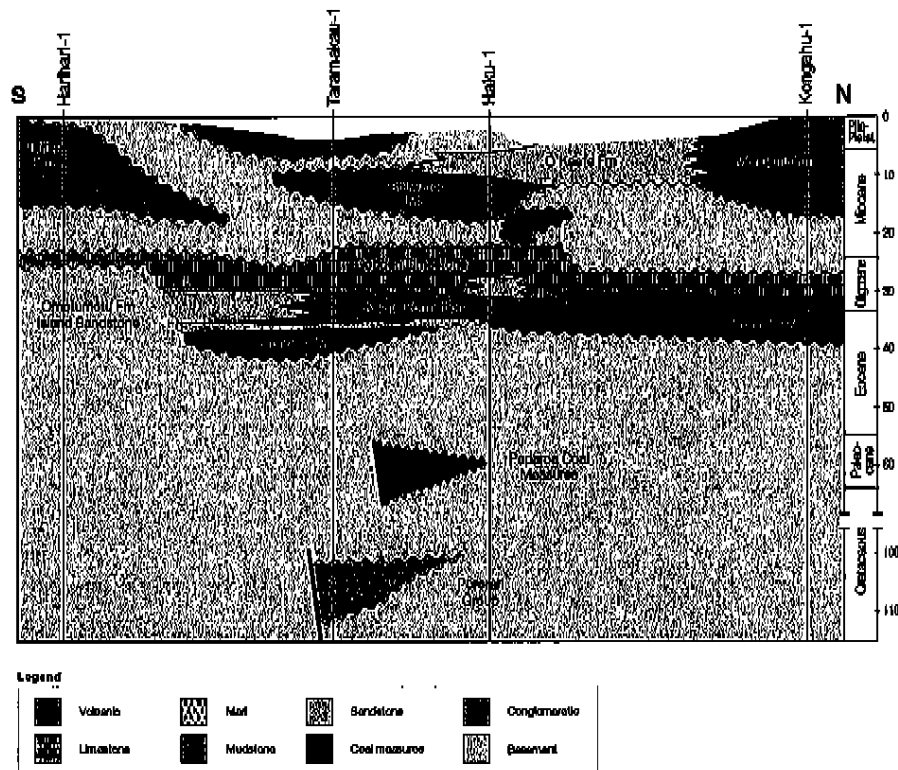


Figure 2-2: New Zealand West Coast Basins and line of stratigraphic section (NZPAM 2013)



**Figure 2-3: Stratigraphic correlation diagram for Southern Taranaki, West Coast Basins (NZPAM 2013)**

The Kotuku Petroleum prospect is in the Westland Basin, one of the West Coast Basins which extend North eventually coalescing with Taranaki Petroleum System. The stratigraphic section shown in Figure 2-3 highlights the main reservoir sequences comprising of the Cobden Limestone and overlying clastics. Turbidites in the Stillwater Formation and clastics in the lower Eight Mile and Holocene glacial clastics comprise the additional main reservoir potential at Kotuku.

The area has a long history of exploration, with the first geologist on site in 1901, and first drilling in 1902. The area is known for containing the largest natural oil seeps in New Zealand (Wellman, 1950). Thrasher et al. (1996) described the structure and the local maturation history. 58 drillholes and 20 seismic lines were available to incorporate in the model to define the petroleum system and the prospects and leads in the PEP38526 area (MoConachie et al., 2013).

Primary reservoir units have been mapped across the area, the near base Eight Mile Formation and near base Inangahua Formation were the main focus. Magnetic and seismic data were integrated to improve the structural understanding. Three elements control the location and definition of Prospects.

- Firstly the stratigraphic mapping based on the formation picks in the existing wells.
- Secondly the stratigraphic mapping based on the well tie to the existing seismic data. Seismic control at Kotuku is limited to a couple of lines with poor resolution due to the shallow occurrence of the Prospects.
- Thirdly the location and interpreted throw of faults interpreted from the magnetic data.

Mosman owns 100% of permit PEP 38526, the Petroleum Creek Project, which is a 143.6 sq. km low cost onshore exploration project located near Greymouth on the South Island in the southern extension of the proven Taranaki oil system.

The local stratigraphy is presented in Figure 2-4.

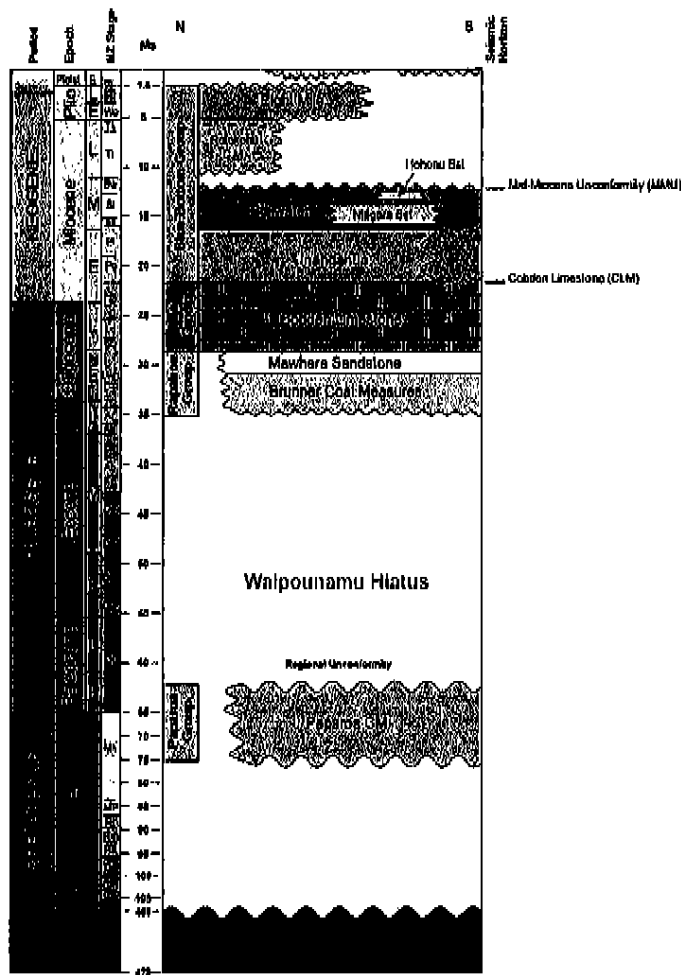
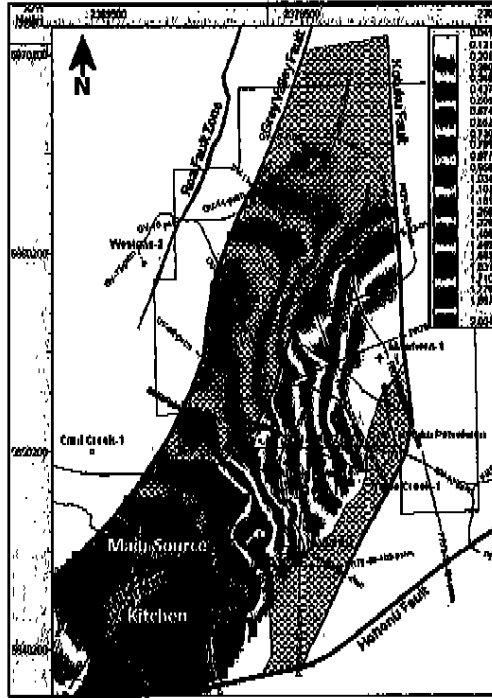


Figure 2-4: Stratigraphy in PEP38526

**Petroleum Source Rocks:** Papanoa Coal Measures in the Papanoa and Grey Basins.

Proposed main source kitchen for the Kotuku Petroleum System is presented in **Figure 2-5** and the Kotuku oil seep is shown in **Figure 2-6**.



**Figure 2-5: Proposed main source kitchen for the Kotuku Petroleum System (from Geosphere, 2008)**



**Figure 2-6: The Kotuku oil seep**

**Reservoir Rocks:** Prospective petroleum charged reservoir units in the Kotuku area comprise:

- The Glacial Clastics (Petroleum Creek-4),
- Lower Eight Mile Formation clastics (Lake Brunner-5 and Lake Brunner-8),
- Sub Stillwater and Inangahua Formation clastics and the Cobden Limestone (Kotuku-1/1 a),
- Sub Stillwater and Inangahua Formation clastics and possible Cobden Limestone (Niagara-1),
- Mawhera Sandstone (Mawhera-1).

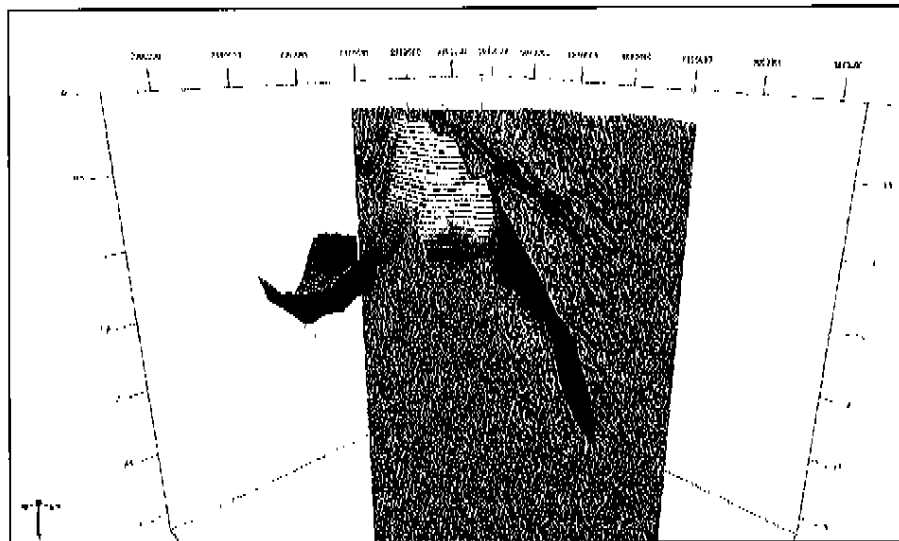
The drilling of Cross Roads-1 and Crestal-1 has demonstrated oil in the 8 Mile Formation and the Cobden Limestone. More importantly, Cross Roads-1, northwest of the main crest has de-risked charge in the greater Kotuku structure and indicates some surrounding prospects and leads occur on migration paths.

The Kotuku 1A demonstrated the presence of an artesian aquifer with substantial aquifer pressure **Figure 2-7.**



**Figure 2-7: Artesian flow from the Cobden Limestone (Kotuku-1a) indicates high reservoir pressures occur in compartments in the formation**

**Structure:** The regional Kotuku structure is shown in Figure 2-8. The structure contours near base 8 Mile contours (main Cobden Limestone reservoir) are shown in Figure 2-6.



**Figure 2-8: Seismic line GV10 with the Cobden Limestone TWT structure grid (Crestal location)**

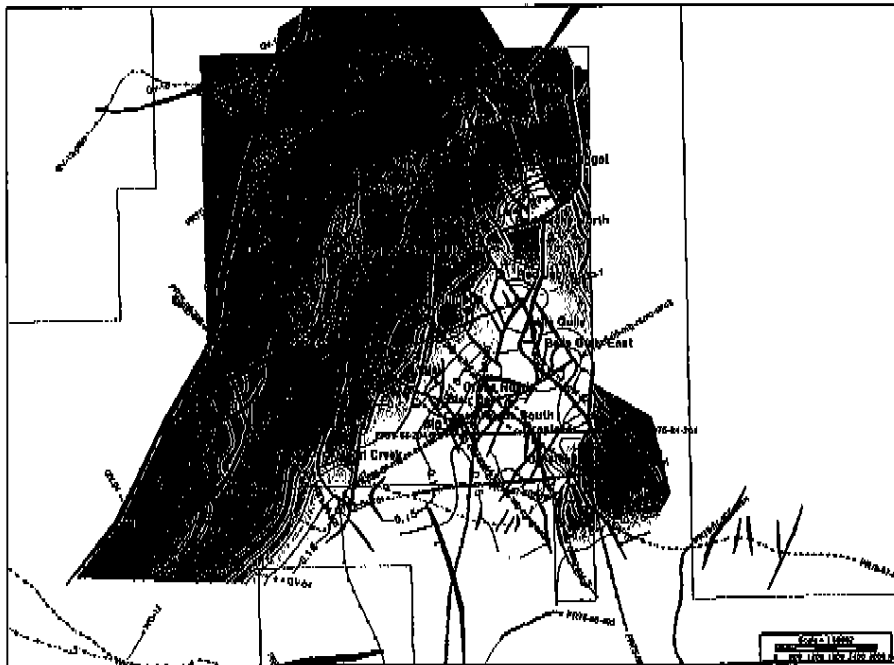


Figure 2-9: Structure contours near base 8 Mile Formation (main Cobden Limestone reservoir level)

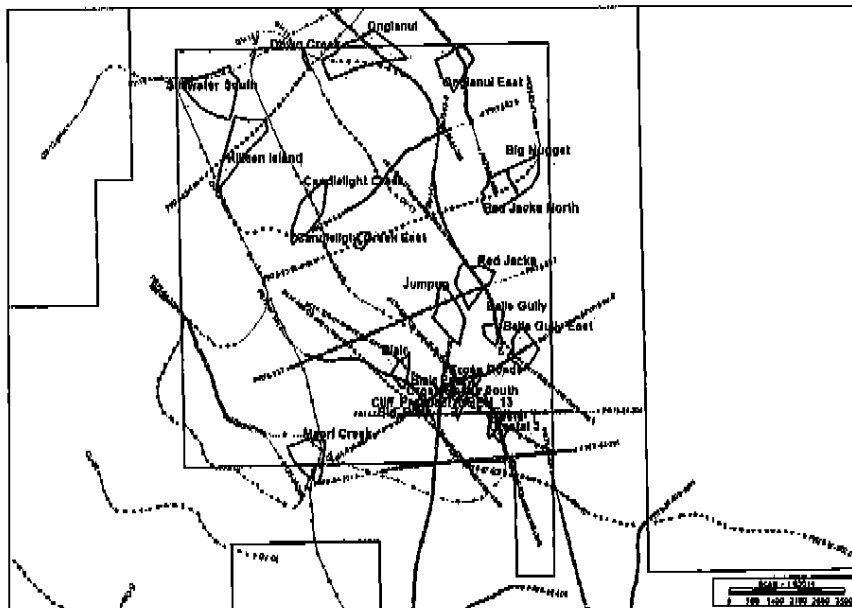


Figure 2-10: The locations of the identified Prospect locations



**Prospective Resources:** The location of the Prospects is presented in **Figure 2-10**. The Prospective Resources are summarised in **Tables 2-1 and 2-2**.

**Table 2-1** describes the 10 Prospects and 2 drilled oil discoveries within PEP 38526.

**Table 2-1: Prospect and Lead Inventory and 2 Drilled Discoveries (highlighted) within PEP 38526**

ID	Name	Description	Potential Reservoirs	Estimated Depth to Lower 8 Mile (m)	Estimated Depth to Cobden (m)
2	Cobden Prospect Stillwater South.	Fault dependent south side of Stillwater fault.	Cobden & Stillwater		2580
8	Crossroads-1 (Cobden)	Fault dependent. Northern extension of Kotuku Oil Field. 2D seismic Control. Well production testing ongoing.	Cobden Lst, Lower 8 Mile & Holocene Glacials	45.5	241.7
10	Big Nugget	Fault dependent. Seismic line PR75-83-1 present. Faults based on magnetic and seismic interpretation. Seismic signal affected by Holocene glacials. No wells drilled nearby.	Mawhera Sst, Cobden Lst, Stillwater, Lower 8 Miles & Holocene Glacials	500	1240
11	Red Jacks	Fault dependent. Seismic line PR75-83-3 present. Faults based on magnetic interpretation and seismic. North of Kotuku anticline. Mawhera drilled to the south separated via structure. Potentially very structured. Low seal confidence.	Mawhera Sst, Cobden Lat & Lower 8 Mile	205	320
19	Killeen	Fault dependent. Seismic line PR75-83-4 crosses the prospect. Some bright reflectors. Observed flat spot in the prospect above the Mid Miocene Unconformity.	Cobden Lst, Stillwater, Callaghans Greensand, Niagara Sandstone, Lower 8 Miles & Holocene Glacials	1230	2700
20	Down Creek	Fault dependent on GV-11 seismic line. Low Potential.	Cobden Lst	1370	2600
22	Cliff	Fault dependent trap. At this depth seismic resolution is unusable. Appears to be potentially a highly faulted area.	Cobden Lst, Lower 8 Miles & Holocene Glacials	29	150
23	Jumpup	Fault bounded structure. Mapping of the Near Base 8 Mile formation on seismic line PR75-83-7 indicates a fault bounded structure with seismic frequency attenuation. Further analysis of this zone reveals frequency washout further supporting the potential for hydrocarbons to be trapped in the structure.	Mawhera Sst, Cobden Lst, Stillwater, Lower 8 Miles & Holocene Glacials	380	450
24	Bells Gully	Fault dependent. Seismic line PR75-83-3 present. Faults based on magnetic interpretation &	Mawhera Sst, Cobden Lst, Stillwater, Lower 8 Miles & Holocene	350	500

ID	Name	Description	Potential Reservoirs	Estimated Depth to Lower 8 Mile (m)	Estimated Depth to Cobden (m)
		seismic. Potential up dip trap of Kotuku anticline. Mawhera drilled to the immediate west separated via structure. Most of the interpreted structure is not visible on seismic.	Glacials		
25	Big Rock	PC2014-528-06 was oriented to test the validity of a target in the vicinity of the previously mapped Big Rock Lead. The seismic imaging reveals attenuation of the signal in proximity of a fault and could possibly be as a result of migrated or trapped oil. The Big Rock structure is interpreted to be fault bounded on 3 sides and is supported by the magnetic mapping.	Cobden Lst, Lower 8 Miles & Holocene Glacials	107	350
26	Candlelight Creek	A fault closure is interpreted from mapping of seismic and a dim spot is observed on the Near Base 8 Mile	Mawhera Sst, Cobden Lst, Stillwater, Lower 8 Miles & Holocene Glacials	700	2100
27	Candlelight Creek East	Seismic anomaly is observed with potential for a fault closure however current coverage does not create a closure.	Mawhera Sst, Cobden Lst, Stillwater, Lower 8 Miles & Holocene Glacials	630	1450
28	Maori Creek	Revised fault mapping in the south of the permit reveals a shallow fault bounded structure with an interesting velocity attenuation constrained to the structure potentially indicating trapped oil/gas.	Stillwater, Lower 8 Miles & Holocene Glacials	478	1800
29	Onglanul	Deep Amplitude anomaly (>1000 m). Deep bright spot with washing of the signal below the bright spot.	Stillwater, Lower 8 Miles & Holocene Glacials	1284	2528
30	Onglanul East	Deep Amplitude anomaly (>1000 m). An abrupt frequency change is observed in the closure on the seismic line.	Stillwater, Lower 8 Miles & Holocene Glacials	1266	2600
31	Red Jacks North	Fault closure. No seismic anomaly is observed.	Mawhera Sst, Cobden Lst, Stillwater, Lower 8 Miles & Holocene Glacials	40	1300
33	Blair (PC14)	Fault closure. A low velocity ringing is observed below the Near Base Eight Mile in close proximity to an interpreted gas chimney.	Cobden Lst, Stillwater, Lower 8 Miles & Holocene Glacials	180	680
34	Crossroads South	Mapping of new seismic acquired in 2014 indicates potential fault bounded closure along trend south of the Crossroads-1	Mawhera Sst, Cobden Lst, Stillwater, Lower 8 Miles & Holocene	31	170

ID	Name	Description	Potential Reservoirs	Estimated Depth to Lower 8 Mile (m)	Estimated Depth to Cobden (m)
		discovery well	Glacials		
35	Blair East	Fault closure. A low velocity ringing is observed below the Near Base Eight Mile up dip from an interpreted gas chimney.	Cobden Lat, Stillwater, Lower 8 Miles & Holocene Glacials	60	180
36	Crestal 1	Crestal-1 well intersected the Eight Mile Fm and Cobden limestone with oil and gas. Well production testing ongoing.	Cobden Lat, Lower 8 Miles & Holocene Glacials	15	150
37	Crestal 3	Seismic mapping of the Kotuku Dome demonstrates potential updip structure from Crestal 2 along strike from the early Kotuku drilling	Cobden Lat, Lower 8 Miles & Holocene Glacials	65	150
38	Bells Gully East	Fault dependent. Northern extension of Kotuku Oil Field. Off seismic. Low confidence.	Mawhera Sst, Cobden Lat, Lower 8 Mile & Holocene Glacials	200	240

**Table 2-2: Summary of the OIIP and Recoverable Prospective Oil Resources estimation, PEP 38528**

Revised Prospects (2/12/2014)	Unrisked OIIP mmstb			Unrisked Recoverable Oil mmstb		
	P90	P50	P10	P90	P50	P10
Bells Gully	1.0	3.5	14.0	0.2	0.6	2.4
Bells Gully East	1.9	6.8	27.6	0.3	1.2	4.7
Big Nugget	2.4	9.3	39.8	0.3	1.0	4.1
Big Rock	0.6	2.4	10.4	0.0	0.1	0.4
Blair (PC14)	0.7	2.5	10.4	0.1	0.3	1.1
Blair East	0.3	1.1	4.7	0.0	0.1	0.5
Candelight Creek East	0.6	2.3	9.4	0.1	0.3	1.2
Candelight Creek	3.5	12.9	53.0	0.5	1.8	6.9
Cliff	0.2	0.8	3.5	0.0	0.1	0.4
Crestal 3	0.3	0.9	4.1	0.0	0.1	0.4
Crossroads South	0.2	0.7	3.0	0.0	0.1	0.4
Down Creek	0.0	0.2	0.7	0.0	0.0	0.1
Jumpup	2.8	10.0	40.3	0.5	1.8	6.8
Killeen	3.9	14.2	59.8	0.5	1.6	6.2
Maori Creek	1.7	5.3	21.1	0.2	0.7	2.7
Ongianui	3.2	10.1	40.4	0.5	1.4	5.2
Ongianui East	1.8	5.9	23.7	0.2	0.7	2.5
Red Jacks	2.0	6.7	24.0	0.4	1.3	4.7
Red Jacks North	3.1	11.6	47.7	0.5	1.6	6.2
Stillwater South	1.9	7.4	29.1	0.3	1.2	4.7
<b>Total</b>	<b>32.0</b>	<b>114.5</b>	<b>466.7</b>	<b>4.7</b>	<b>16.1</b>	<b>61.5</b>

**Table 2-3: Summary of the Total OIIP and Recoverable Prospective Oil Resources, PEP 38528**

OIIP mmstb			Recoverable Oil mmstb		
P90	P50	P10	P90	P50	P10
32.0	114.5	466.7	4.7	16.1	61.5

**Contingent Resources**

The Cross roads-1 and Crestal-1 wells are illustrated in cross section **Figure 2-11**. Crestal-2 demonstrated high quality reservoir in the Cobden Limestone but appears not charged with potentially moveable hydrocarbons.

Contingent Resources for Crestal-1 and Cross Roads-1 are presented in **Tables 2-4 and 2-5**.

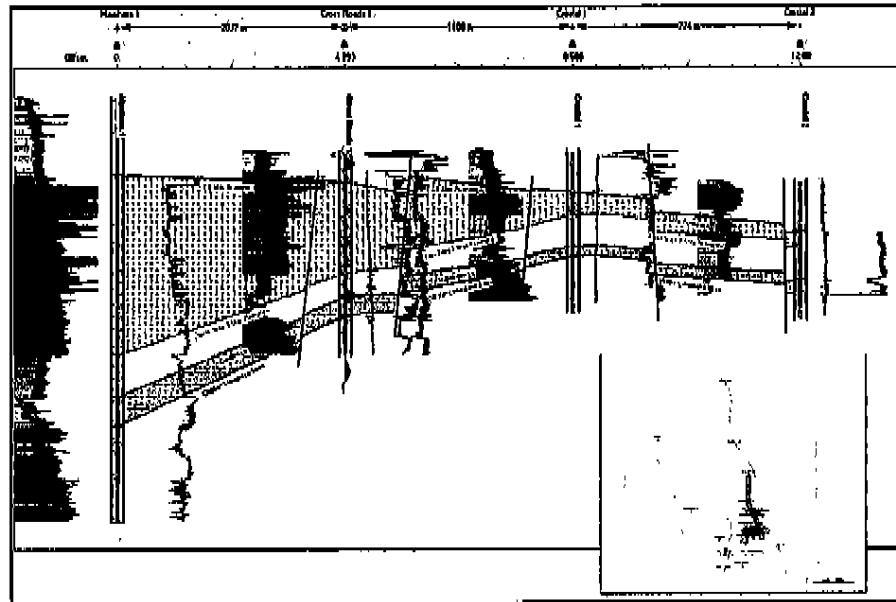


Figure 2-11: N-S well cross section correlation (Mawhera to Crestal 2 showing the Cross Roads-1 and Crestal-1 well locations)

Table 2-4: Crestal-1 Contingent Resources (Bbls)

	P00	P50	P10
Lower 9Mile	1,572	9,486	67,215
Cobden	1,305	6,272	30,147
<b>Total</b>	<b>2,877</b>	<b>15,757</b>	<b>87,362</b>

Source: SRK Consulting, 2014a

Table 2-5: Cross Roads-1 Contingent Resources (Bbls)

	P00	P50	P10
Lower 9Mile	850	5,909	39,713
Cobden	623	2,975	14,197
<b>Total</b>	<b>1,473</b>	<b>8,783</b>	<b>53,910</b>

Source: SRK Consulting, 2014a

The proposed expenditure is as follows:

Table 2-6: Summary of work commitments and expenditure 2014-15, PEP 38526

Year	Minimum Work Requirements	Estimated Expenditure Constant dollars (indicative only) \$A
2014	2 exploration wells – reprocessing of seismic (completed)	A\$ 0.659 million
2015	2D seismic - 40 km	A\$ 0.680 million

The work program (now mostly completed) for PEP 38526 is as follows:

Work programme obligations due and/or completed before the issue of this work programme are not recorded in this work programme. Refer to the full permit document for details of historic work programme obligations.

**Stage 1 (Committed Activities):**

Within 84 months of the commencement date of the permit, the permit holder shall (to the satisfaction of the chief executive):

Complete the following activities which are all **key deliverables** for the purposes of the Petroleum Programme:

- drill and core two (2) exploration wells to a depth of at least 250 m TVD on the Kotuku Dome crest (unless geological or engineering constraints encountered whilst drilling make this unreasonable); and

either:

- notify the chief executive in writing of the permit holder's commitment
- to carry out the next stage of the work programme; or
- surrender the permit; and

Complete the following activities which are all **secondary deliverables** for the purposes of the Petroleum Programme:

- complete CRS stack reprocessing and interpretation of a minimum of 4km of existing 2D seismic data within the permit; and
- geochemical analysis of core obtained from the exploration wells drilled
- under condition 1(a) above.

Stage 2 (Contingent Activities) to be completed within 96 months of the commencement date of the permit Stage 3 (Contingent Activities) to 108 months of the commencement date of the permit and Stage 4 (Contingent Activities) to within 120 months of the commencement date of the permit are specified.

## 2.2 Taramakau, Murchison and East Coast Permits (New Zealand)

These permits were granted to Mosman (100%) in December 2014 as part of the 2014 Block Offer. They have a commencement anniversary date of 1<sup>st</sup> April 2015 and expire on 31<sup>st</sup> March 2026.

**Taramakau Project PEP 57067**

PEP 57067 petroleum exploration permit is located in the West Coast Basin in South Island of New Zealand (Figure 2-12) adjacent and surrounding the Kotuku Petroleum Creek Project area. The block comprises an area of approximately 990 km<sup>2</sup>.

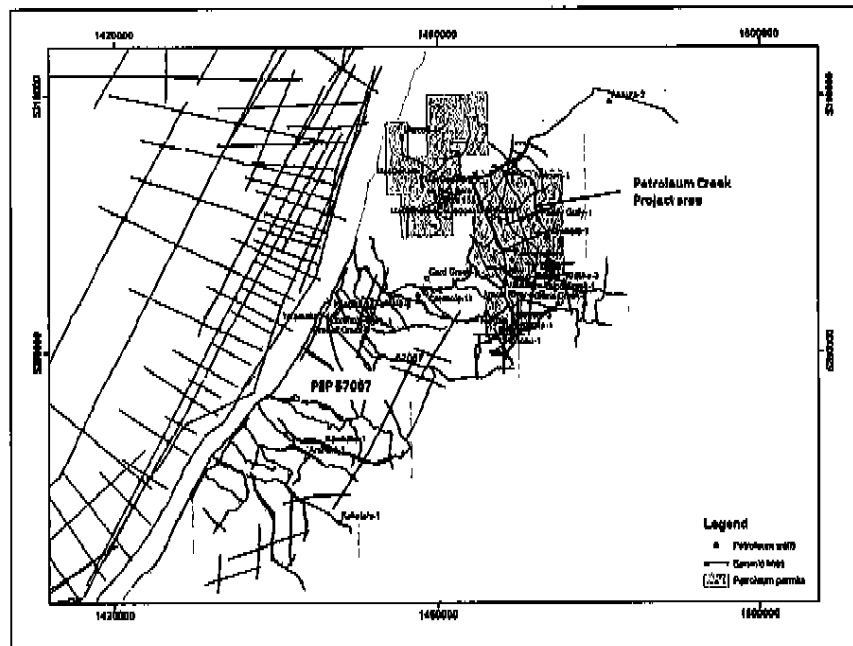


Figure 2-12: Location of PEP 57067 (yellow), West Coast Basin, South Island, New Zealand

The area covered by PEP 57067 Block comprises three distinct zones:

- The Grey Basin where Mosman Oil and Gas is currently operating within PEP 38526,
- The Paparoa Basin, and
- The Hohonu Terrain; an eastern area sandwiched between the Alpine Fault and the Hohonu fault zone dominated by granitic batholiths and Greenland Group basement.

### 2.3 Paparoa Basin (New Zealand)

The Paparoa Basin, now partially inverted to form the Paparoa Anticline formed as a pull apart half graben during the Early Upper Cretaceous.

#### Grey Basin

A Tectone-chronostratigraphic diagram for the region demonstrates very clearly the contrasting geological histories of the Paparoa and Grey Basins (Figure 2-13). Whereas the Paparoa Basin has a thick sequence of Mid to Upper Cretaceous non-marine sediments, it has been generally considered that the Grey Basin was emergent at this time.

The stratigraphy is shown in Figure 2-14.

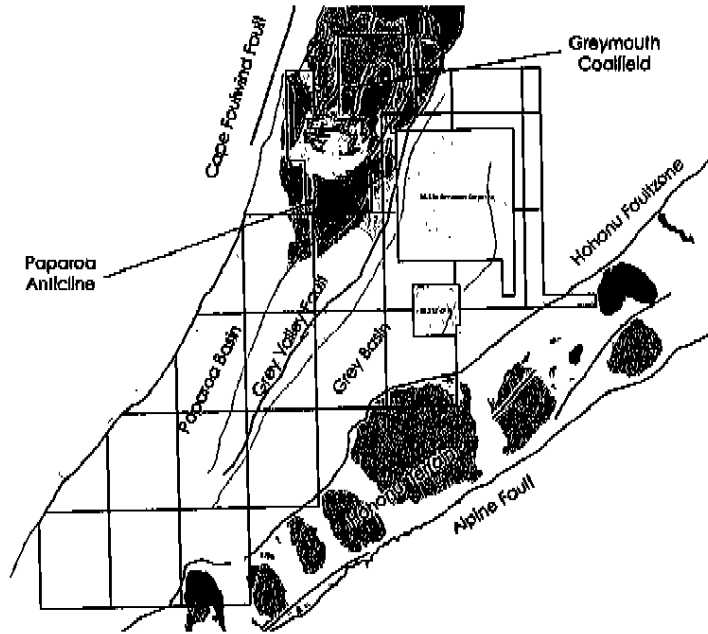


Figure 2-13: Tecto-stratigraphic map of the PEP 57067 Block showing the three main tectonic terrains across the region, and the main areas of pre-Quaternary rocks that are exposed as outcrop

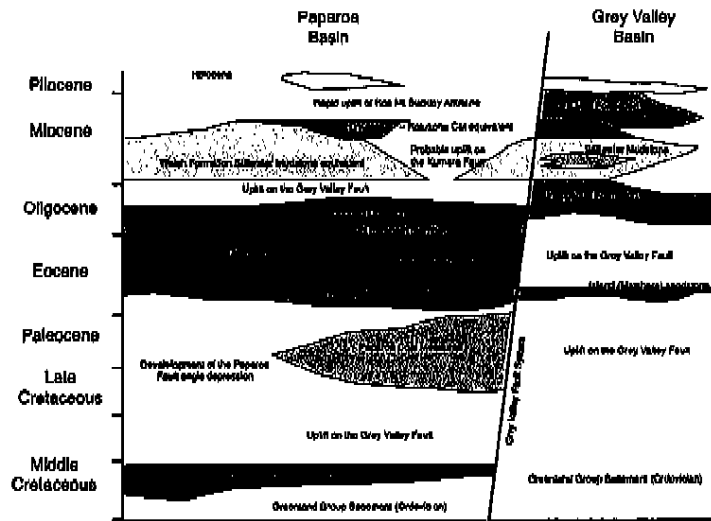


Figure 2-14: Tectono-chronostratigraphic diagram for the Paparoa and Grey Basins, adapted from Haskell et al (2006)



The PEP 57067 area comprises two distinct tectonic zones separated by the Grey Valley Fault. The western zone is the partially uplifted Paparoa Basin while the eastern zone is the southern extension of the Grey Basin and surrounds PEP 38526, which contains the Kotuku oil seeps and the recent Crossroads and Crestal discoveries. The bid area also surrounds PEP 38512 which contains the Niagara discovery.

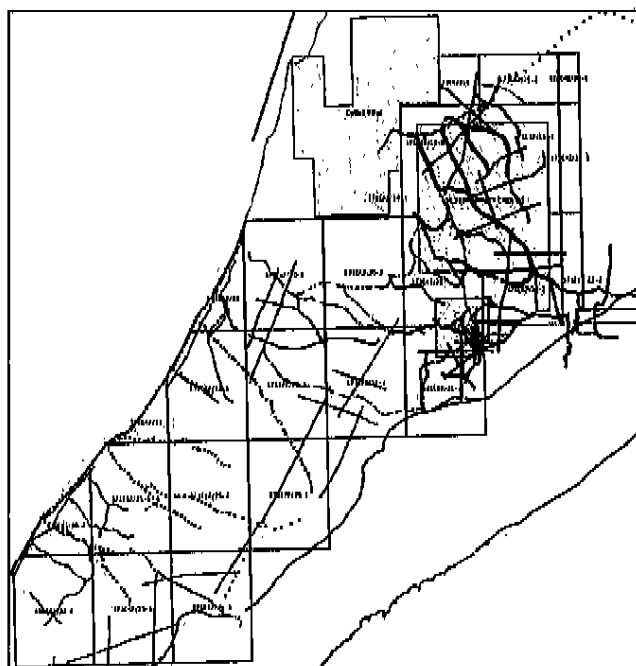
The West Coast Basin has been subject to several phases of exploration since oil was first reportedly discovered at Kotuku in around 1897. There was sporadic exploration focused on the Kotuku area from the 1890s. Approximately 39 wells were drilled from around 1900 to 1923 but for many of these the data is either missing or cryptic and the drilling methods primitive. Of these wells, eighteen do contain data that, with care, can be approximately translated into modern stratigraphic terminology. Even when the stratigraphy can be extrapolated to modern terminology, issues with accurate location of the wells still require that the data is treated with care.

A second phase of exploration occurred in the 1940s when Superior Oil drilled several core holes although there are only good records for core holes 8 to 11. Corehole 9 is a valuable control point for the Kotuku area while Corehole 10 (Aratika 1) is a control point for the area near Aratika. Superior Oil also drilled two larger wells SFL 1 and 2; SFL 1 was drilled in 1942 and has generated the most interest since. Mostly this was due to comments like the following "While drilling at 991 feet, mud blown out of hole and gas flowed for eight hours heading weakly towards end". Estimated rate initially was 500,000 cubic feet per day. The gas analysed as 97% Methane.

Other operators were also working through this period with New Zealand Oil Exploration Company Ltd and New Zealand Petroleum Company Ltd drilling several wildcat wells including Kawhaka 1, Notown 1, Harl Harl 1 and Walho 1. This was then followed in the late 1970s by a series of wells drilled by Petrocorp (Aratika 2 and 3 and Kokiri 1 in the Grey Valley Basin) and in 1986 by the Kumara 2/2A and Card Creek 1 wells in the Paparoa Basin. The Petrocorp wells provide the first modern well documented subsurface database and established the difficulties in siting wells based on poor quality seismic data. NZOG was the dominate player in the 1980s drilling 12 wells over a 2 year period. Five of these wells were extremely shallow wells centred around the Kotuku oil seeps, but one, Niagara 1 lead to the Niagara oil discovery and has driven a significant amount of the subsequent exploration effort.

In the Paparoa Basin Westgas and subsequently Comet Ridge have explored for coal seam gas with 9 wells. In the Grey Basin, OHIL re-entered the suspended Niagara 1 well and drilled the Niagara 3 and Kotuku 1A wells while L&M drilled the Fireball Creek well. In 2010, Wideapread Energy drilled a shallow well in the Kotuku area but abandoned the well at shallow depth.

The seismic coverage for PEP 38526 and PEP 57067 blocks is shown in **Figure 2-15**.



**Figure 2-15: Map showing the location of seismic lines within PEP 57067 and PEP 39528 Blocks**

**Petroleum Source Rocks:** Paparoa Coal Measures in the Paparoa and Grey Basins.

**Reservoir Rocks:** Prospective petroleum charged reservoir units in the area are similar to the charged reservoirs at Kotuku. The main reservoirs comprise:

- The Glacial Clastics (Petroleum Creek-4),
- Lower Eight Mile Formation clastics (Lake Brunner-5 and Lake Brunner-8),
- Sub Stillwater and Inangahua Formation clastics and the Cobden Limestone (Kotuku-1/1a),
- Sub Stillwater and Inangahua Formation clastics and possible Cobden Limestone (Niagara-1),
- Mawhera Sandstone (Mawhera-1).

The work program for PEP 57067 is as follows:

Only the committed stage of the work programme has key deliverables. The status of a contingent obligation as key or secondary is only indicative.

**Stage 1 (Committed Activities):**

Within 12 months of the commencement date of the permit, the permit holder shall (to the satisfaction of the chief executive):

Complete the following activities which are all **key deliverables** for the purposes of the Petroleum Programme:

- undertake a technical review of all prior data and develop and submit to the chief executive a detailed geological model;

- undertake and report to the chief executive, a source rock analysis NIRF of existing oil samples and geochemical stratigraphic study of core and outtings from prior wells and surface rock sampling with regard to analysing the Cobden Limestone as a migration pathway and reservoir;
- acquire 30 kms of 2D seismic data in a manner that is consistent with the quality and distribution as detailed in the bid; and
- integrate newly acquired seismic data acquired under 1(c) above, with the existing 2D seismic data and submit a report to the chief executive.

Within 24 months of the commencement date of the permit, the permit holder shall (to the satisfaction of the chief executive):

Complete the following activities which are all **key deliverables** for the purposes of the Petroleum Programme:

- drill one exploration well to an objective and/or depth approved by the chief executive (unless geological and/or engineering constraints encountered while drilling makes this unreasonable).

Within 36 months of the commencement date of the permit, the permit holder shall (to the satisfaction of the chief executive):

Complete the following activities which are all **key deliverables** for the purposes of the Petroleum Programme:

- drill one exploration well to an objective and/or depth approved by the chief executive (unless geological and/or engineering constraints encountered while drilling makes this unreasonable); and

either:

- notify the chief executive in writing of the permit holder's commitment to carry out the next stage of the work programme; or
- surrender the permit.

Stage 2 (Contingent Activities) to be completed within 48 months of the commencement date of the permit and Stage 3 (Contingent Activities) to be completed within 54 months of the commencement date of the permit are also specified.

## 2.4 Murchison Project PEP 57068 (New Zealand)

Mosman was granted the PEP 57058 petroleum exploration permit in the East Coast Basin in North Island of New Zealand. The location map with available petroleum well and seismic lines is shown in **Figure 2-16**.

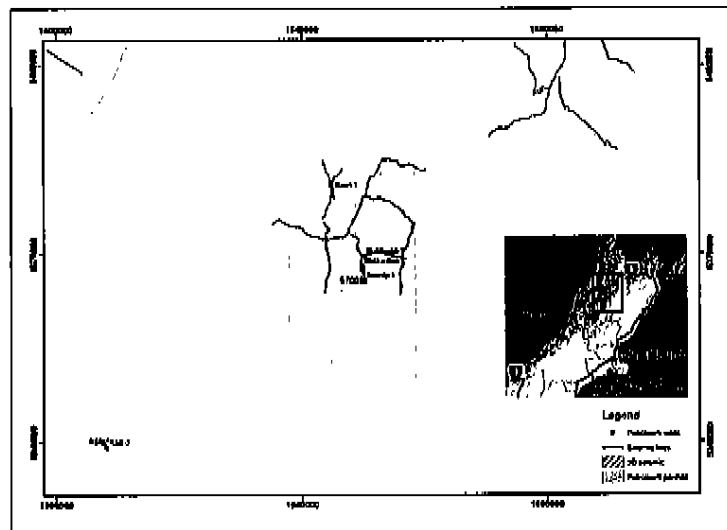


Figure 2-18: Location of PEP 57069, West Coast Basin, South Island, New Zealand

The Murchison sub-basin is a narrow fault-bound elongate depression situated on the Australian-Pacific transform plate boundary immediately west of the Alpine Fault. The Murchison sub-basin has historically documented oil and gas seeps mapped as well as having three vintage wells drilled, all of which encountered moveable hydrocarbons. These wells include the Murchison-1 with gas/condensate shows, the Bounty-1 with gas/condensate shows and the Blackwater-1 well which was a gas/condensate and oil discovery well.

The generalised formation stratigraphic column for the Murchison sub-basin is presented in Table 2-7.

Table 2-7: Stratigraphy of the Murchison Basin (after Suggate, 1964)

	Member	N.Z. stage	Epoch
Longford Formation	Hudson Conglomerate (onh)	?Walsuan Lillburnian	mid Miocene
	Blue Duck (onb)	Cliffonian	
Mangles Formation	Trig. A - (lea)	Altonian Otalun	early Miocene
	Valley Creek Sandstone (lev)		
	Crows (lco) Tutaki (lat)		
Mairi Formation	Trig. M/Tops Limestone (irt)	Waiakian Dunroonian Whangaroan	Oligocene
	Doughboy (lrd)		
	Scotty Mudstone (im)		
Muruia Formation	Nuggety (uin)	Runangan Kaiaian	late Eocene
	Kiata Mudstone (wik)		
	Brunner Coal Measures (uib)		
Basement complexes	Separation Point Batholith (s)		Cretaceous ?Early Permian Mid Devonian- Carboniferous
	Rotorua Igneous Complex (r)		
	Karamea Batholith (k)		

The four wells in the Murchison sub-basin are key data points because the Bounty-1 and the Murchison-1 wells had strong gas shows, which are not deemed as 'discoveries' because there were no demonstrable flow tests and no samples taken of the moveable hydrocarbons encountered. The Blackwater-1 well, however, has been labelled as a gas/oil discovery well based on repeated testing and sampling. The presence of moveable gas at Matiri-1 is also significant in the basin evaluation.

The Murchison-1 well was the first well drilled in the area. The well, located on the banks of Mangles River, was drilled in 1927 using a vintage wooden derrick drilling rig, and was reported to have several oil and gas shows of significance. Subsequent reevaluation suggests these may have been condensate-gas shows instead.

The Bounty-1 well drilled in 1970, was located at the end of the sealed road in Blackwater Valley south of the Blackwater-1 well. The well had hydrocarbon shows at 356-359 m, 625-640 m and 688-711 m RKB and reached a TD of 3,131 m before being P&A in the Upper Matiri Formation. Re-analysis of the mud log indicates significantly elevated gas readings between 657 m and 1600 m within the Mangles Formation and may be due to either gas-condensate in fractures or possibly "shale" associated gas.

The Matiri-1 well was drilled in 1985 by PetroCorp using the RookDrill Rig 20 to test the sandstone stringers of the Brunner Coal Measures on the Matiri Anticline. This well is outside the Block Offer Area but is significant as a result of the detailed documentation and full stratigraphic record the well presents. Gas shows occurred within the Brunner and overlying Kaiata Mudstone. Several intervals on the well were tested. A moderate flow in one test and poor tests on several other zones resulted in only minor gas flows. The coals and mudstones were generally considered too tight to produce.

The Blackwater-1 well was deemed an 'oil discovery', but a sub-commercial oil accumulation. However, as oil prices gradually inflated in the late 20th century, the well received numerous re-evaluations and was re-entered in order to retest the well. The key points of the Blackwater-1 well data are as follows. The wellbore passed through a fault at a depth of approximately 132.5 m RKB, encountering the Lower Mangles Formation, including the Valley Creek Sandstone member. Below the steeply dipping fault at 132 m the well encountered hydrocarbon shows to a depth of approximately 152 metres. The gas and oil (or gas-condensate) was under pressure and required the use of a barite weighted mud. Various basic means were utilised unsuccessfully to obtain flow and production data from this zone and the well was ultimately suspended.

The petroleum wells drilled within PEP 57066 are summarised in Table 2-8.

**Table 2-8: Summary of petroleum wells drilled within PEP 57066**

Well name	Spud date	Completion date	Latitude	Longitude	Elevation MSL	Total MD	Shows	Status	Operator
Blackwater-1	1968-03-25	1968-04-19	-41.8394	172.3954	245	637.0	oil/gas	shut in	AUSTRALIAN OIL CORPORATION (NEW ZEALAND)
Bounty-1	1970-06-23	1970-10-29	-41.8597	172.4010	271	3131.0	shows	plugged and abandoned	BOUNTY OIL CO LTD
Murchison-1	1925-01-01	1927-01-01	-41.8248	172.3985	0	1054.9	shows	abandoned	MURCHISON OIL CO LTD

The work program is as follows:

**Stage 1 (Committed Activities):**

Within 24 months of the commencement date of the permit, the permit holder shall (to the satisfaction of the chief executive).

Complete the following activities which are all **key deliverables** for the purposes of the Petroleum Programme.

- acquire a regional gravity and magnetic survey over the permit;
- undertake and report to the chief executive on a programme of field mapping and establish a comprehensive geological database of the basin;
- acquire 10 kms of 2D seismic data in a manner that is consistent with the quality and distribution as detailed in the bid;
- integrate newly acquired seismic data acquired under 1(c) above, with the existing 2D seismic data and submit a report to the chief executive; and
- drill one exploration well to an objective and/or depth approved by the chief executive (unless geological and/or engineering constraints encountered while drilling makes this unreasonable).

Within 36 months of the commencement date of the permit, the permit holder shall (to the satisfaction of the chief executive):

Complete the following activities which are all **key deliverables** for the purposes of the Petroleum Programme:

- drill one exploration well to an objective and/or depth approved by the chief executive (unless geological and/or engineering constraints encountered while drilling makes this unreasonable); and

either:

- notify the chief executive in writing of the permit holder's commitment to carry out the next stage of the work programme; or
- surrender the permit.

Stage 2 (Contingent Activities) to be completed within 48 months of the commencement date of the permit and Stage 3 (Contingent Activities) to be completed within 54 months of the commencement date of the permit are also specified

#### **Piripiri Project PEP 67060**

The East Coast Basin comprises an area of over 75,000 km<sup>2</sup> and is located along the south central eastern coast of New Zealand's North Island, and includes both onshore and offshore areas. The "greater East Coast Basin" is more broadly located adjacent to the Kermadec Trough in the north and continues along the eastern seaboard of the North Island to the offshore NE coast of the South Island. The greater East Coast Basin has a complex geological province ranging from structurally simple along the western margins to extremely folded, faulted and imbricated in the north and eastern margin, particularly in the Hawkes Bay region.

Many geoscientists consider that the offshore Raukumara Basin on the north extremity and the Pegasus Basin located offshore at the southern extremity are merely sub-basins of the 'greater' East Coast Basin. If they are included as sub-basins then the overall area of the 'greater' East Coast Basin is approximately 180,000 km<sup>2</sup>. This 'greater' East Coast Basin is located along the eastern North Island coast both onshore and offshore of the Raukumara Peninsula to just offshore of the Kaikoura Mountain range on the northern tip of the east coast of the South Island. The western margin of the basin is clearly defined by the axial mountain ranges of the North Island – namely, the Tararua, Ruahine, Kaimanawa, Huiarau, and Raukumara Ranges on the North Island and the Kaikoura Range on the South Island. The eastern margin is bounded by the Hikurangi Trough, which is the seafloor expression of the offshore subduction boundary between the Pacific and Zealandia tectonic plates.

There is a proven active petroleum system present in the East Coast Basin as result of the empirical oil/gas seep data and the well data.

The permit is located in Figure 2-17.

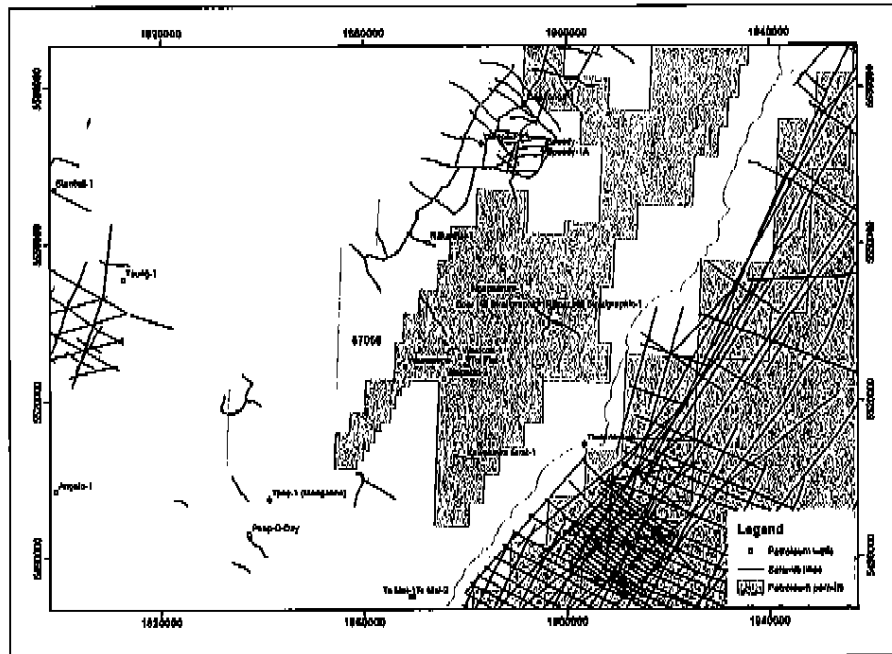
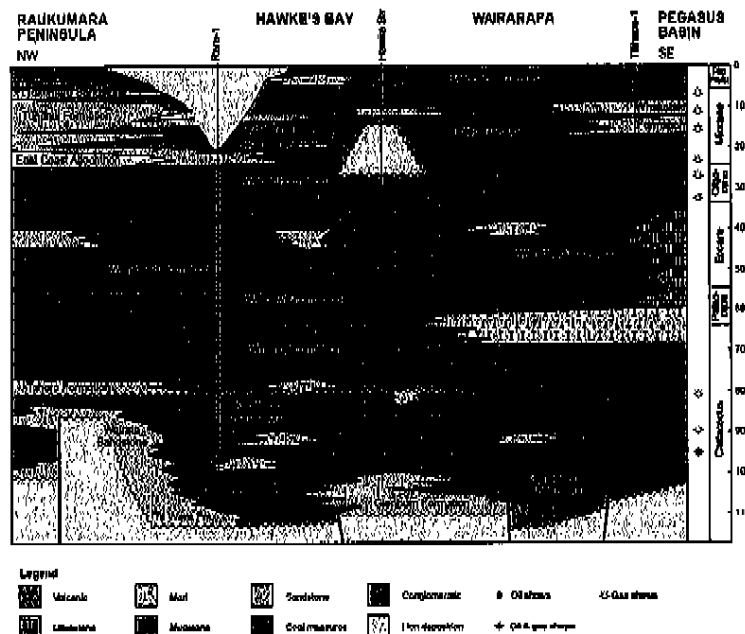


Figure 2-17: Location of PEP 67068, East Coast Basin, North Island, New Zealand

The stratigraphic nomenclature for the East Coast Basin's Neogene is comprised of many local unit, member and formation names, with no overall coherent lithostratigraphic or biostratigraphic convention agreed upon and are generically referred to here as Mangahela (Plio-Pleistocene) and Tolaga (Miocene) Group formations (Figure 2-18).



**Figure 2-18: Generalised stratigraphy of the East Coast Basin Onshore NW to Offshore SE, NZPAM (2014)**

**Hydrocarbon Source Rocks:** Migrated Late Cretaceous and Paleocene sourced oil and gas/condensate has been proved by geochemical analyses of the Kora, Totangi and Waitangi oil samples by GNS Science in the 'New Zealand Geochemical Oil Families' report (Sykes et al., 2012). Oil from onshore East Coast seeps, in addition oil production samples from the Kora wells, were typed geochemically to the organic-rich source rocks of the Whangai Shale or the Waipawa Black Shale. Pyrolysis studies of samples of these two shales from outcrops, well cores and drill cuttings, have confirmed them as good quality source rocks of marine deposition with significant terrestrial plant input.

The Waipawa Black Shale is a brownish black, organic-rich shaley siltstone, and is a prospective shale source rock and shale oil reservoir. It was deposited in the Late Paleocene (60 Mya – 55 Mya). The thickness of the formation is very poorly constrained mainly from outcrop mapping by D. Francis (1993, 2000 and 2014), some limited data from the Morere-1 and Opoutama-1 wells, and a 17m thick section exposed at surface at Te Hos River almost 100 km west of the wells.

The Waipawa Black Shale has core Total Organic Content (TOC) data from the Orui-1A well ranging from 1.31 to 4.23% with an average of 3.28% covering 77 m of measured depth. These are original Total Organic Content (TOC) values as the maturity from vitrinite reflectance data ( $R_o = 0.3-0.4\%$ ) indicate the sediments are immature. The maximum temperature ( $T_{max}$ ) data agree with values ranging from 398 to 425°C. The Hydrogen Indices (HI) ranges from 159 to 297 suggesting a Van Krevelen mixture of Type II and Type III kerogens. Palynofacies and petrographic data support a mixture of marine and terrestrial organic matter, which is the conclusion of the geochemical typing performed by GNS Science (Sykes, et al., 2012).



**Reservoirs and Seals:** The Oligocene Weber turbidites and the Miocene channel and shelfal sandstones provide potential for very shallow, migrated oil accumulations with locally interbedded Weber or Tolaga Group marine mudstones/ marls providing the seal, as demonstrated by the moveable oil shows in the Wanstead and Weber sands/conglomerates at the Wescott-1 well.

The Miocene and the Pliocene deposition is probably the best for target reservoir and seal pairs with mudstone and occasional flysch deposits interbedded with shelfal sandstones and some channel sands as well as shallow carbonate units composed of marine bioclasts and shell coquina. These shelfal sands of the Mangahela and Tolaga Formations are classic shallow depth reservoirs for Whangai and Waipawa generated oil. In this case, reservoirs located very close to surface with slightly leaky seals might allow gas to leak off while preserving the oil column due to a reduced seal maximum column height. This would explain the shallow oil at Tol Flats-1 and Wescott-1.

Other reservoir and seal pairs include the turbidite channel and slope fan sandstone reservoirs of the Oligocene Weber Formation as well as the Eocene Wanstead Formation. These sands are likely to be capped by good quality marine shale top seals as well as lateral and basal seals. This makes the potential for stratigraphic trapping or combination structural/stratigraphic trapping all the more likely.

**Plays and Prospects:** The primary targets are the Neogene shelfal sands, namely interbedded Tolaga and Weber sands intercalated with calcareous marine mudstones and marls as seals. A secondary reservoir target would be the Wanstead turbidite and channel sands. The exhumation and erosion of sediments over the anticlinal folds visible today as anticlinal ridges has resulted in the entire sequence of Pliocene through Eocene sand members being buried at relatively shallow depths within the synclinal troughs of the valley floors. This is how the Weber oil shows were encountered in the Wescott-1 well at a very shallow drill depth of 10 m to 39 m, while the top of the Wanstead was at a shallow 67 m RKB depth. The Whangai and the Waipawa source rock shales are overlain by these interbedded marine sand reservoir members and calcareous marine mudstones which have good sealing potential. The source rock properties of the Whangai and the Waipawa are remarkably similar to the best shale oil and shale gas plays of North America where prolific production of both oil and gas have changed the American and Canadian economies.

In younger strata, the Oligocene Weber turbidites and the Miocene shelfal sandstones provide potential reservoir targets for very shallow oil accumulations with local marine mudstones and marls as the sealing lithology. The Paleogene Wanstead and Weber Formation mudstone top-seal are estimated at approximately 300 m to 600 m thick in the block. The Waipatiki and Wescott wells actually spudded in Eocene or Paleocene aged rocks at surface.

The work program is as follows:

**Stage 1 (Committed Activities):**

Within 24 months of the commencement date of the permit, the permit holder shall (to the satisfaction of the chief executive):

Complete the following activities which are all **key deliverables** for the purposes of the Petroleum Programme:

Acquire and analyse a regional hydrocarbon geochemical survey from surface core sampling over the entire permit area in a manner that is consistent with the quality and distribution as detailed in the bid.

Within 36 months of the commencement date of the permit, the permit holder shall (to the satisfaction of the chief executive):

Complete the following activities which are all **key deliverables** for the purposes of the Petroleum Programme:

Acquire and analyse a regional hydrocarbon geochemical survey from surface core sampling, over any area highgraded as a result of 1(a) above in a manner that is consistent with the quality and distribution as detailed in your bid; and

either:

- notify the chief executive in writing of the permit holder's commitment to carry out the next stage of the work programme; or
- surrender the permit.

Complete the following activities which are all **secondary deliverables** for the purposes of the Petroleum Programme:

Complete evaluation of hydrocarbon mapping results from the geochemical surveys and an assessment of the permit's exploration potential.

#### **Stage 2 (Contingent Activities)**

Within 48 months of the commencement date of the permit, the permit holder shall (to the satisfaction of the chief executive):

Complete the following activities which are all **key deliverables** for the purposes of the Petroleum Programme:

- drill one exploration well to an objective and/or depth approved by the chief executive (unless geological and/or engineering constraints encountered while drilling makes this unreasonable); and

either:

- notify the chief executive in writing of the permit holder's commitment to carry out the next stage of the work programme; and
- relinquish 50% of the original permit area; or
- surrender the permit.

Complete the following activities which are all **secondary deliverables** for the purposes of the Petroleum Programme:

Complete and submit to the chief executive a report on the geological and geochemical interpretation and assessment of the permit area, including the results of the exploration well integrated with the geochemical survey data to assess the remaining potential of the permit area.

Stage 3 (Contingent Activities) to be completed within 54 months of the commencement date of the permit, are specified.

### 3 Officer Basin Project, Australia

Mosman has a 25% investment in the Officer Basin Project, a 22,527 sq. km large land holding with significant exploration potential (Area STP-EPA-0071 – previously L12-4, Figure 3-1), which lies in one of the more explored parts of the Basin with road access.

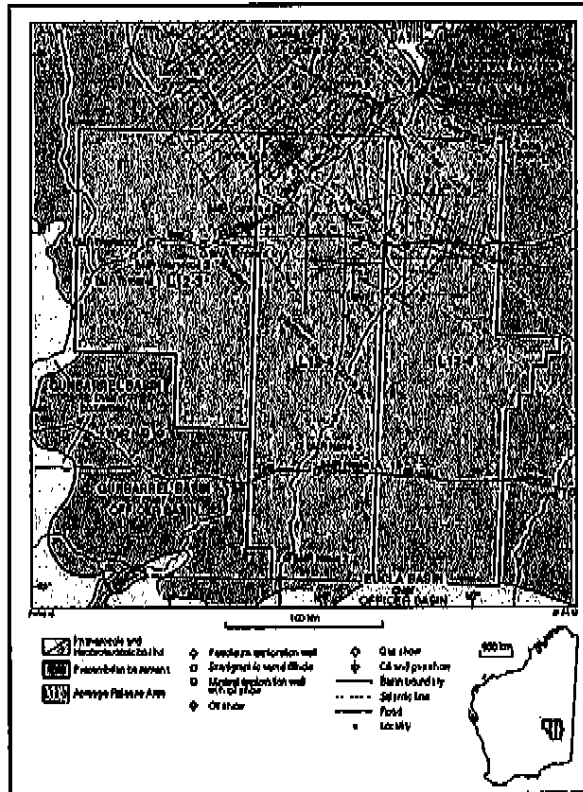


Figure 3-1: Officer Basin Area STP-EPA-0071 – previously L12-4

The block is located 1,250km northeast of Perth in a largely flat terrain with reasonable access. The sealed Kalgoorlie to Laverton road links to the well maintained and unsealed Great Central Road which leads to Warbuton and carries heavy transport for most of the year. A deep crustal seismic survey line was shot by GeoScience Australia along the road in 2011.

The Goldfields Gas Transmission Pipeline extends from the North West Shelf to Esperance on the south coast at a distance of approximately 300km to the west.

The project area is in the Western Australian part of the Officer Basin and offers both conventional and unconventional potential with hydrocarbon shows reported and all elements of a petroleum system are present. Figure 3-2 presents the stratigraphy and hydrocarbon shows.

From a commercial point of view the area is remote however the prospect of upgrading prospectivity being able to be achieved before year 2 commences is reasonable. The block is located in a basin with no proven commercial oil or gas production. The Officer Basin is similar to the productive Amadeus Basin in the Northern Territory and to basins in Russia and Oman which contain giant oil and gas fields. Few exploration or stratigraphic wells have been drilled in the western Officer Basin, but hydrocarbons have been reported in a number of wells.

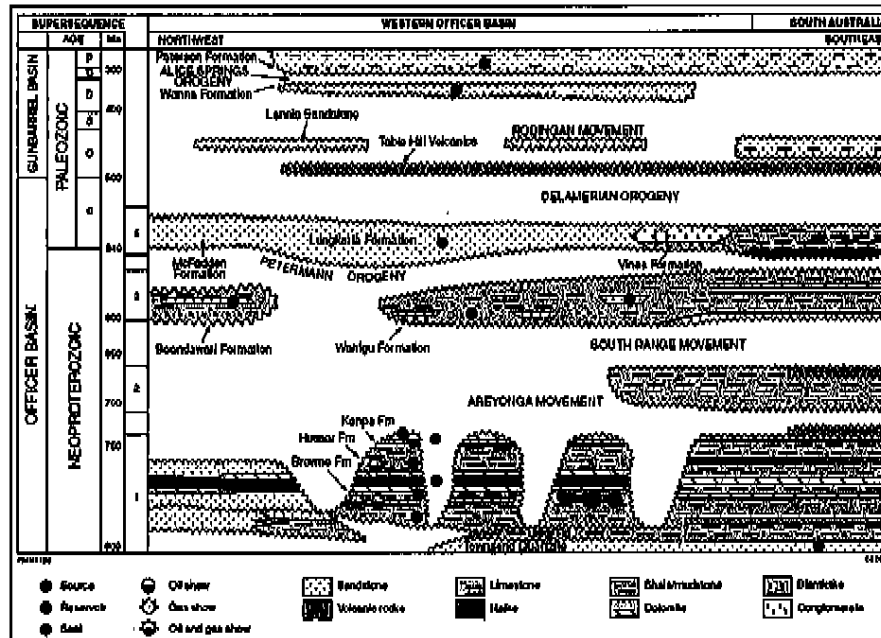


Figure 3-2: Generalized Time and Seismic Stratigraphy, Tectonic Events, Source, Reservoir, and Seal Rocks of the Yorwala Area (from Ghorl et al., 2009)

**Hydrocarbon Source Rocks:** good to excellent source rocks were identified in the Neoproterozoic section. The best source rocks identified in the area are from Browne, Hussar, Kampa, and Steptoe Formations. Hydrocarbon shows have been recorded in the Neoproterozoic sediments of the northwestern Officer Basin by several petroleum wells.

**Reservoirs:** the Browne, Hussar, Kampa Formation are found to be candidates containing fair to excellent reservoirs. In the overlying Phanerozoic sequences, the Lennis Sandstone, Wanna and Paterson Formation have good reservoir characteristics.

**Seal:** salt, and shale and siltstone interbeds as the potential regional and local seals.

**Trap style and Play Types:** Subsalt plays were proposed but considered to have higher risk for reservoir and source. Stratigraphic traps in the subsalt and supra-salt section were also proposed but remain untested.

Defined prospects and leads have not been defined in the block but leads are present (Figure 3-3) there are reasonable grounds (good TOC measurements, Figure 3-4) to consider that the block could have both conventional and unconventional hydrocarbon potential.

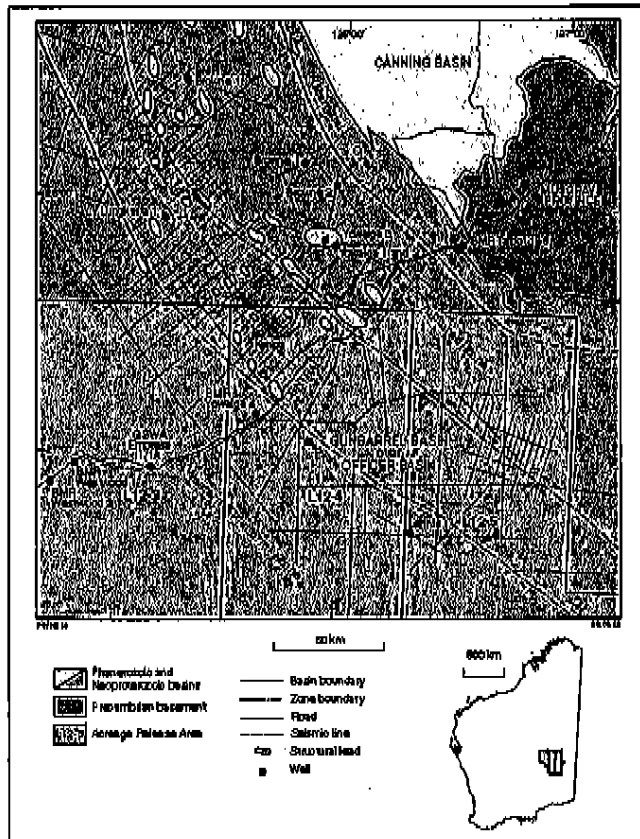


Figure 3-3: Identified structural leads in and adjacent to the L12-4 Block representing conventional hydrocarbon potential (Haines, 2012)

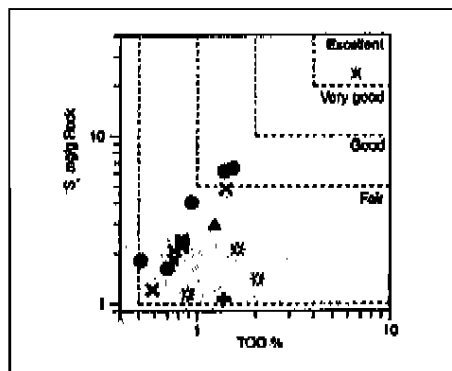


Figure 3-4: TOC data in and adjacent to the L12-4 Block representing conventional hydrocarbon potential (from Carlson et al., 1999)

**STP-EPA-0071 – previously L12-4** was awarded to Australian Petroleum Portfolio Pty Limited with a "notification day" of 24 April 2013. The 3 and 4 month native title registration periods ended on 24 July and 24 August 2013. The work program is presented in **Table 3-1**.

**Table 3-1: Work Programme and Expenditures STP-EPA-0071 – previously L12-4**

Year of Term	Quantity	Minimum Work Requirements	Estimated Expenditure Constant dollars (indicative only) \$A
1 (firm program)		2D Seismic Reprocessing	\$650,000
2 (firm program)	1	Exploration Well	\$2,070,000
3	430 km	New 2D Seismic Survey	\$2,200,000
4	1	Exploration Well	\$4,550,000
5		Geological Studies	\$280,000
6	1	Exploration Well	\$4,590,000

## 4 Amadeus Basin Projects, Australia

Mosman owns 100% of two granted permits and has one application in the Amadeus Basin in Central Australia which total of 5,458 sq. km (EP145, EP156 and EP(A) 155, Figure 4-1). The Amadeus Basin is considered one of the most prospective onshore areas in the Northern Territory of Australia for both conventional and unconventional oil and gas, and hosts the producing Mereenie, Palm Valley and Surprise fields.

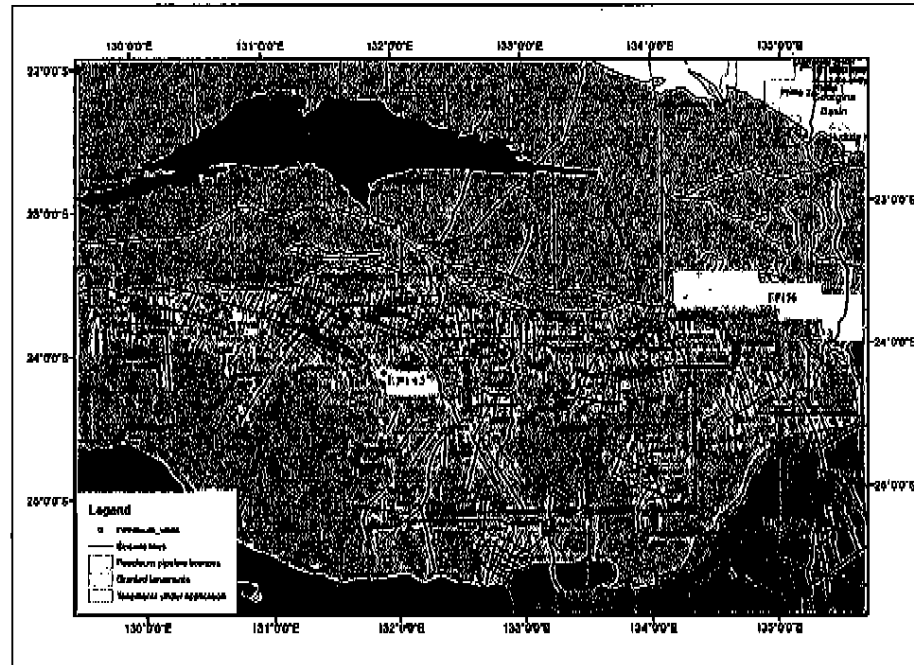


Figure 4-1: Location of EP145, EP156 and EP(A) 155 in the Amadeus Basin

The Amadeus Basin is a broad intracratonic depression that contains a thick succession of late Proterozoic and early Palaeozoic deposits. It has several major depocentres including the Idrikk, Carmichael and Ooraminna Sub-basins and Missionary Plain Trough along the northern margin, and the Mount Currie and Seymour Sub-basins in the south. The basin margins are well defined to the north and south by the Precambrian Arunta and Musgrave Blocks.

The stratigraphy and petroleum system of the Amadeus Basin is shown in Figure 4-2.

**Hydrocarbon Source Rocks:** the potential source rocks in the basin may comprise the Cambro-Ordovician and Proterozoic shales and carbonates. The Ordovician Horn Valley Siltstone is thought to be the likely source rocks for the Mereenie field.

**Reservoir:** the thick sandstone intervals including Pacoota Sandstone and Stairway Sandstone which respectively underly and overly the Horn Valley Siltstone were developed as the reservoirs regionally. The Mereenie and Palm Valley fields contain the Ordovician sandstone reservoirs. The Cambrian reservoirs particularly the Arumbera Sandstone have been the main exploration target in the Eastern Amadeus Basin, such as those in the Neoproterozoic Dingo Gas Field.

**Seal:** the Horn Valley Siltstone also acts as a seal, along with younger mudstone-dominated interbedded units.





#### 4.1 (EP145) West Walker - Tent Hill

EP145 contains the Tent Hill West Walker structural closure and is located southeast of the Merenie Oil field operated by Santos. The Merenie field has produced more than 16 MMBO. EP 145 is also southwest of the Palm Valley Gas Field. EP 145 is located in Figure 4-3.

The satellite image of the structure is shown in Figure 4-4.

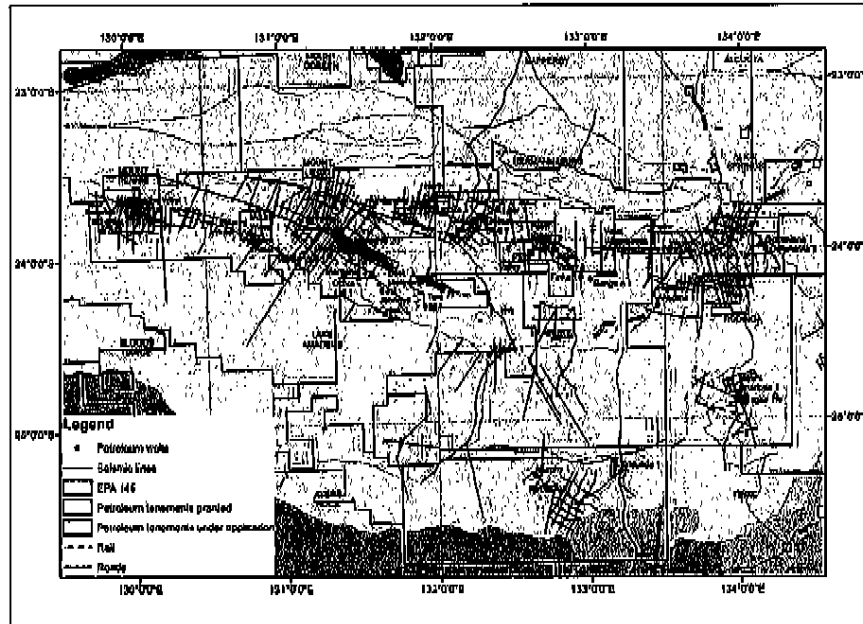
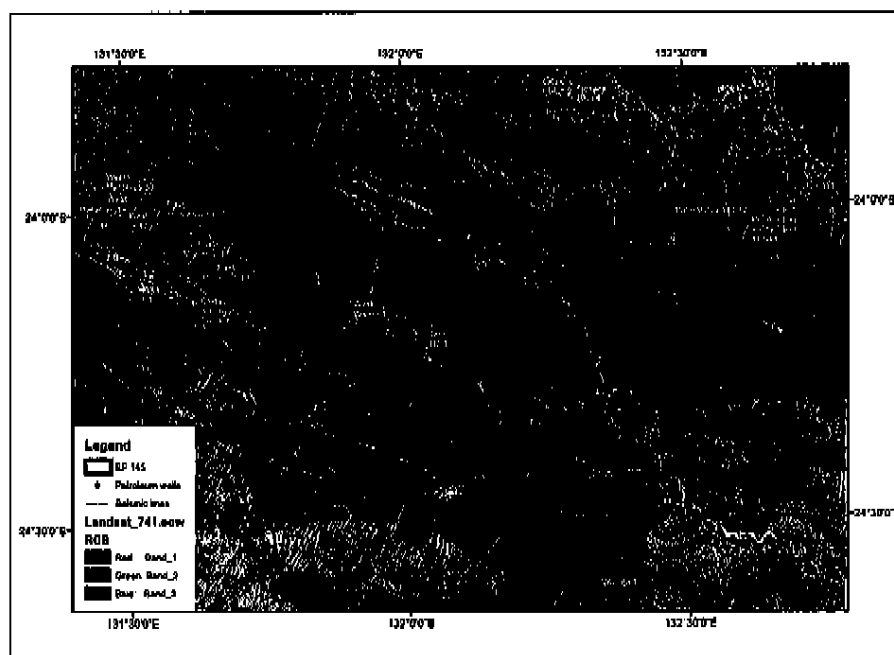


Figure 4-3: EP 145 Location map in the Amadeus Basin southwest of Alice Springs adjacent to Merenie Oil Field and southwest of Palm Valley Gas Field



**Figure 4-4: EP 145 on the Landsat 741 image, displaying structural style, seismic lines and well locations**

By world standards, within the Horn Valley Siltstone (HVS) comprises rich organic beds capable of unconventional shale gas production but determining productive "sweet" spots remains the main challenge and not everywhere will be highly productive. Amorphous microbial sapropel is a major component of the HVS kerogen with TOC's largely lying between 0.5 to 2% and ranging up to 9%.

The unconventional Horn Valley Siltstone area over the prospect comprises about 5 km x 20 km. The stratigraphic succession was shown previously in Figure 4-2.

West Walker 1 was drilled in 1982. Primary objective was to assess the oil and gas potential of the Cambro-Ordovician Pacoota Sandstone. Secondary objectives were to assess the hydrocarbon potential of the Ordovician Stairway Sandstone, the Cambrian Cleland Sandstone and sub-Tempe Formation rocks. The Tertiary objective was to assess the hydrocarbon potential of the doubtfully sealed Mereenie Sandstone (Gortler et al, 1982). The well encountered significant gas shows in the Upper Pacoota Sandstone (P1) reservoir and gas was flared at the surface during air drilling at 1413 m and again on DST 6, which recovered the flare zone. Minor gas shows were present in the basal Stairway Sandstone, and in the Pacoota Sandstone P2 and P3 reservoirs. No zones of liquid hydrocarbons were penetrated. The well was cased and suspended (Gortler et al, 1982).

The West Walker-1 well discovered a Pacoota gas pool (2-3 m gross gas column in the top Pacoota SS). The gas flow occurred because the well was drilled with air/mist up until the time the gas was intersected.

Tent Hill 1 was drilled in 1983. The primary objective was to assess the hydrocarbon potential of the Cambro-Ordovician Pacoota Sandstone in a geophysically defined anticline with a secondary target in the Stairway Sandstone (Marsden et al, 1984). The well encountered minor gas shows in the lower Stairway Sandstone, Horn Valley Siltstone and Pacoota Sandstone, but only minor hydrocarbons were recovered in DST 1 over the lower Stairway Sandstone. The well was plugged and abandoned (Marsden et al, 1984).

**Tent Hill-1:** This is one example where the HVS produced gas from fractured shales. High pressure / low volume gas was intersected at 1146.6 m (670 units) in "hot" shales of the HVS. The mud weight was increased to 11.2 lb/gallon at 1194 m decreasing to 9.25 lb/gallon at 1238 m in the Pacoota Sandstone. The HVS zone was not flow tested, however the cored shale was very carbonaceous and bled gas profusely at atmospheric pressure; there was a massive increase in gas above background.

The Tent Hill-1 gas prone zones have been described as containing gilsonite which is a degraded oil with glassy texture suggesting over maturity or total devolatilisation. A large potential Prospective Resource of GIIP can be inferred on the basis of West Walker-1 drilling test. Additionally there is potential for a conventional sweet spot that could potentially supplement the unconventional Resource.

Tent Hill-1 tested the higher updip area of the anticline (Figure 4-5).

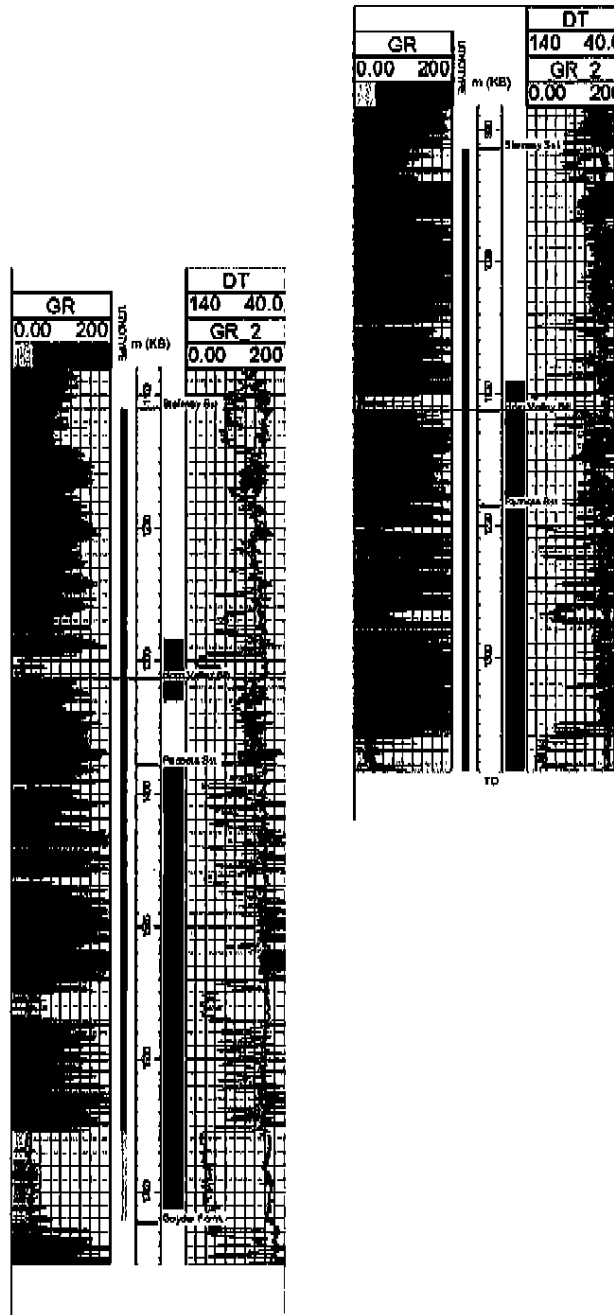


Figure 4-5: Lower Larapinta petroleum system, West Walker 1 (on the left) and Tent Hill 1 (on the right). Tent Hill-1 tested the higher updip area of the anticline. Source: DSWPET, 2011

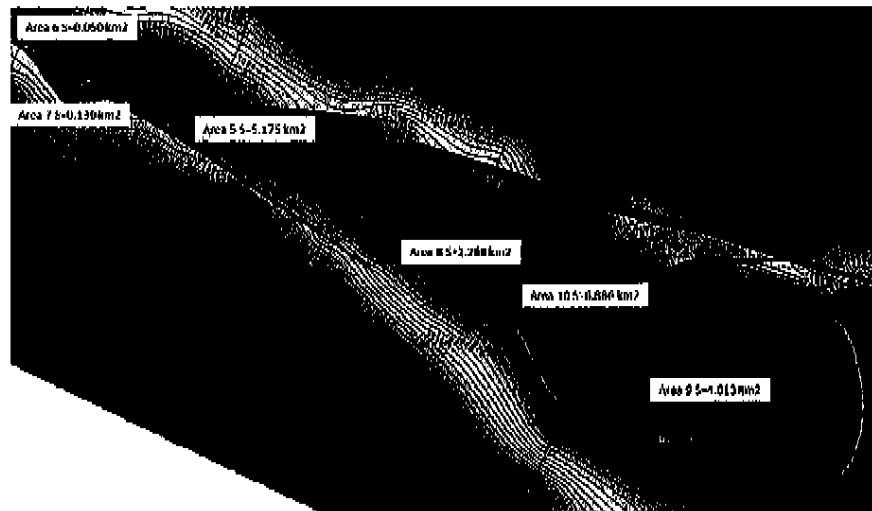
Several leads are recognised across the Tent Hill-West Walker Anticline. These prospective compartments occur updip of West Walker-1 and Tent Hill-1.

The West Walker compartments (Top Pacoota Sandstone) are shown in Figure 4-6. The Tent Hill compartments are shown in Figure 4-7. The regional anticlinal structure is presented in Figure 4-8.

The top Pacoota in 3D seismic view is shown in Figure 4-9.



Figure 4-6: Compartments updip of West Walker-1



Area 5=Area 8+ part of Area 10

Area 10 is from other grid (non-compartmentalised)=Area 8+ Area 9

Figure 4-7: Compartments updip of Tent Hill-1

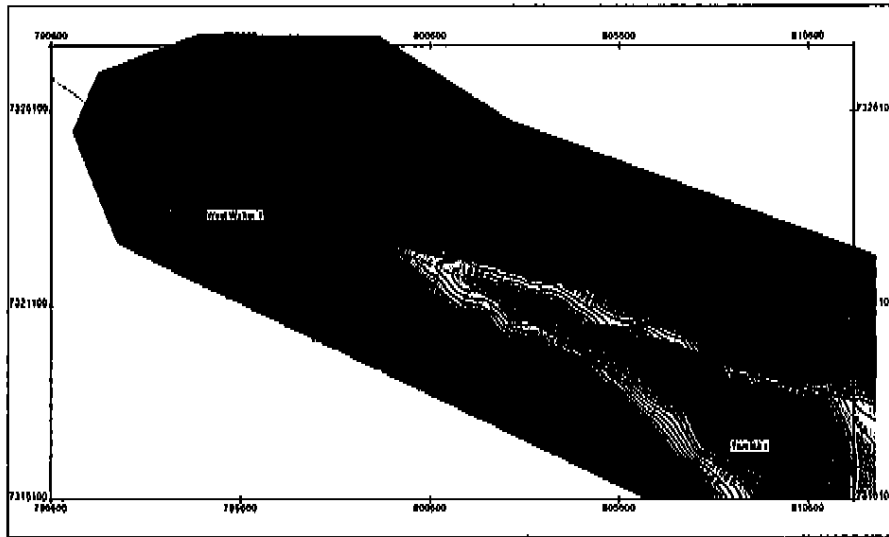


Figure 4-8: Regional structure of the West Walker-Tent hill Anticline showing the various updip compartments

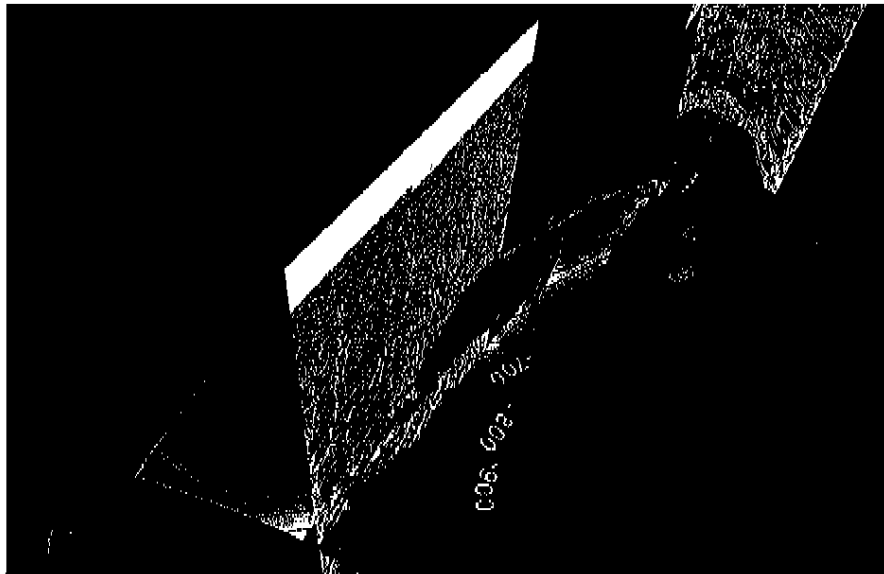


Figure 4-9: Top Pacoota Sandstone structure grid in 3D view

The work program and expenditure commitments for EP 145 are presented in Table 4-1.

**Table 4-1: EP 145 Work commitment**

Year	From	To	Work commitment	Estimated cost <sup>a</sup>
1	22/08/14	21/08/15	Review past exploration	\$180,000
2	22/08/15	21/08/16	Geochemical Survey, G&G	\$400,000
3	22/08/16	21/08/17	Acquire 100km 2D seismic, with processing and interpretation	\$1,260,000
4	22/08/17	21/08/18	Drill one well	\$9,500,000
5	22/08/18	21/08/19	Drill one well	\$10,000,000
<b>Total</b>				<b>\$21,320,000</b>

## 4.2 EP156 NE Amadeus Basin

Tenement EP156 comprises a gazetted petroleum exploration block in the Amadeus Basin of the Northern Territory. **Figure 4-10** presents an overview of EP 156 location and local infrastructure.

The stratigraphy for the permit showing the hydrocarbon source rock intervals and shows in the basin is presented in **Figure 4-11**. No petroleum wells drilled within EP 156.

The interpretation of the regional 09GA-GA1 seismic line acquired in the eastern part of the permit is presented in **Figure 4-12**.

EP 156 currently has no defined Prospects although there are several leads and areas of unconventional hydrocarbon potential (**Figure 4-13**).

Recent mapping in EP156 (SRK Consulting, 2014, **Figure 4-14**) indicated unconventional hydrocarbon potential at the traverse locations comprising estimated organic contents with high values estimated of between 2 – over 4% TOC. Additionally there may be source/reservoir potential in the same units further from the paleoshore (further west).

Unconventional hydrocarbon resource is potentially abundant and these source rocks are capable of charging conventional or stratigraphic traps. Porous and permeable sandstones were observed in outcrop however the potential of recent weathering to enhance porosity and permeability is yet to be assessed. The subsurface conditions need independent verification. Conventional opportunities likely comprise the Julie sandstone reservoir charged by underlying and adjacent higher TOC section. Julie sandstones were recognised on both the north and south traverses and it will be possible to estimate the lateral distribution around the edge of the syncline from the interpretation of satellite imagery. Low gamma clastic units with reservoir potential in the Julie Formation are present on both the North and South limb of the Fergusson Syncline and these appear to correspond with gas bearing reservoirs in the Dingo and Coramina fields to the south.

The EPC 156 work program and expenditures are provided in **Table 4-2**.

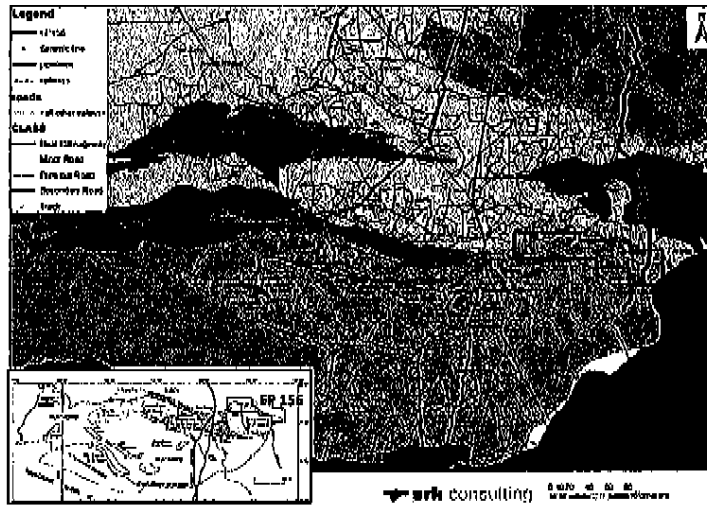


Figure 4-10: Overview of EP 156 location and local infrastructure. Selkirk line 09GA-GA1 is shown in the eastern part of the block

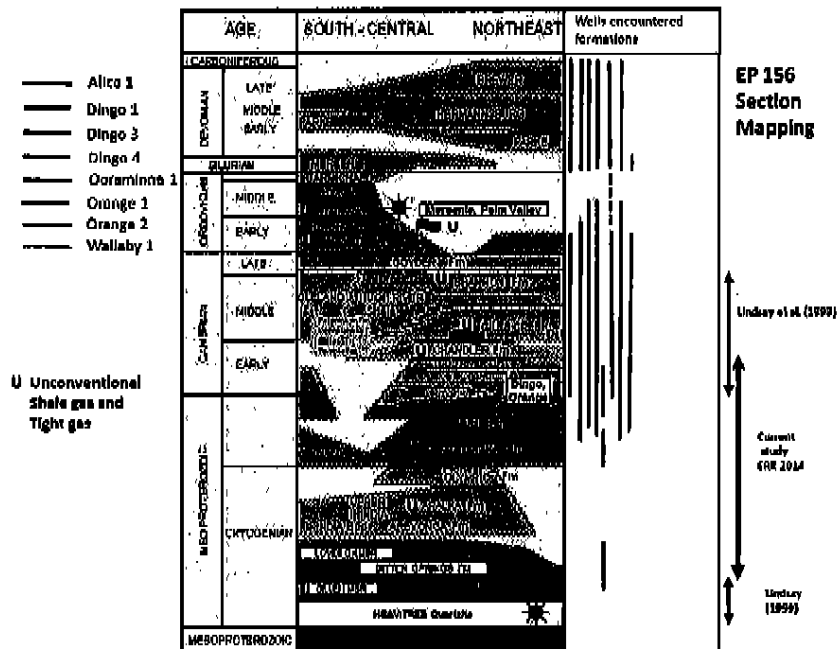


Figure 4-11: Overview of stratigraphy showing drilled wells and 2014 SRK study intersections



- PSeq 6 Pioneer, Olympic, and Pertataka Formations (see expanded section)
- PSeq 5 Areyonga and Aralka Formations
- PSeq 4 Jorjays Creek
- PSeq 3 Loves Creek
- PSeq 2 Gillen
- PSeq 1 Heavitree Quartzite

### PROTEROZOIC SEQUENCES

### Migrated Section

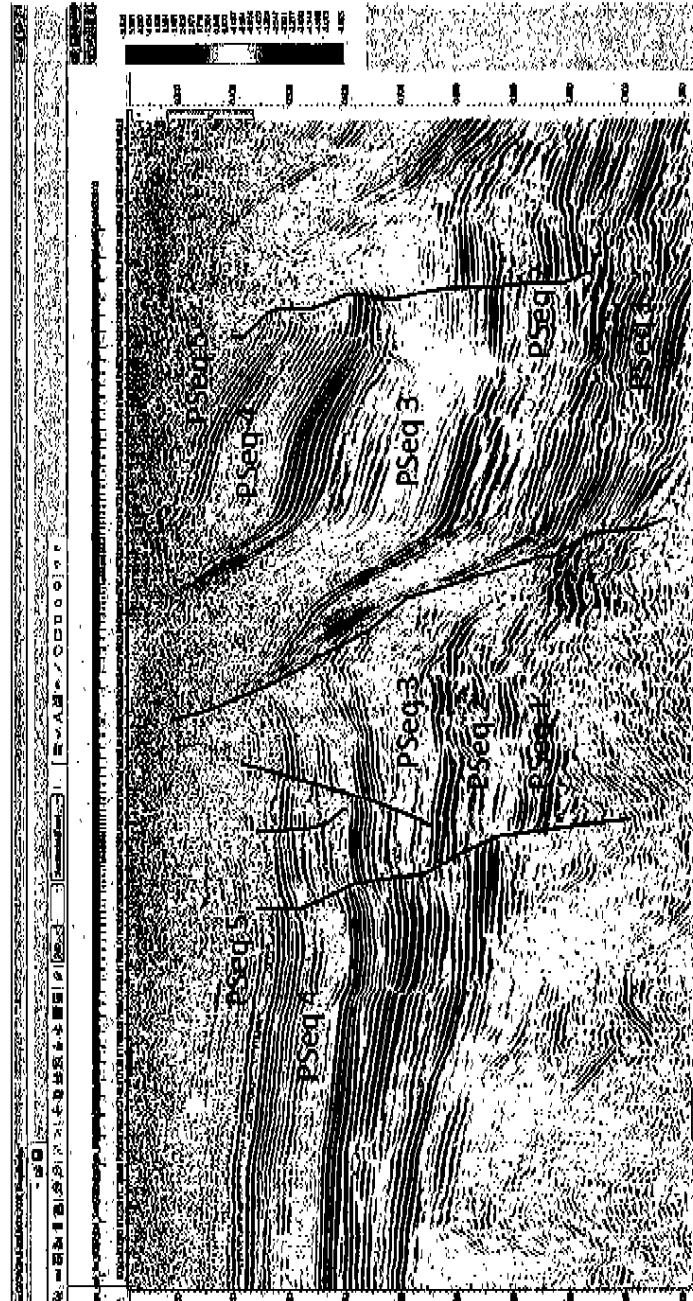


Figure 4-12: Seismic line 00GA-GA1 acquired in the eastern portion of the permit

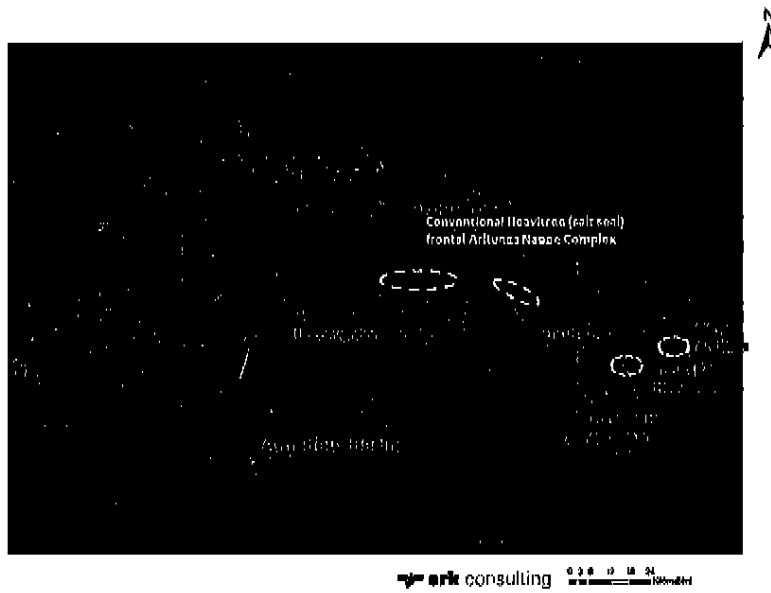


Figure 4-13: EP 156 Prospectivity and Leads (black dashed outline comprises unconventional potential, white dashed outline comprises conventional structural leads)

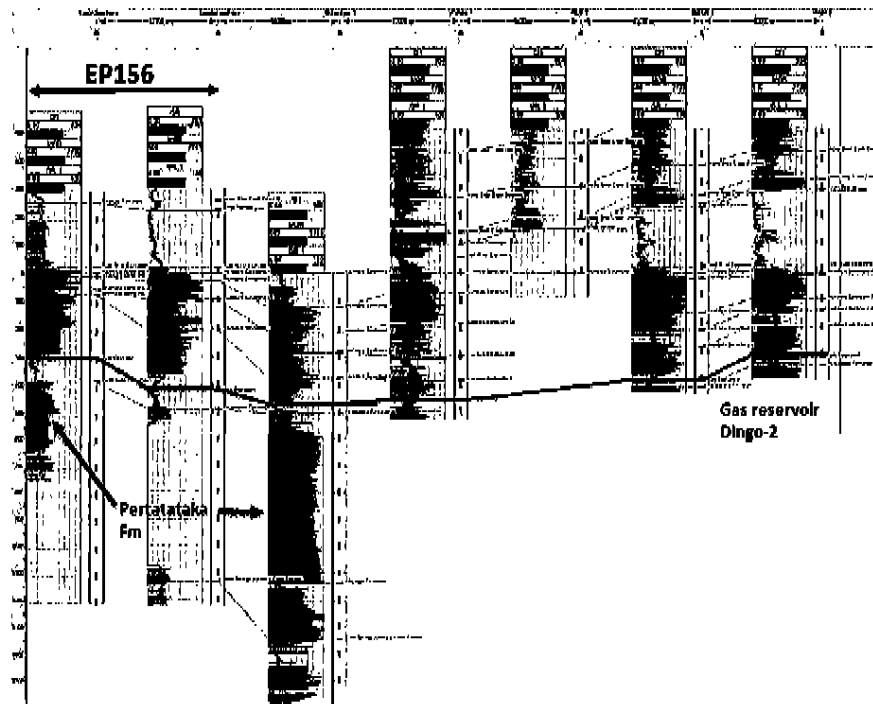


Figure 4-14: Stratigraphic correlation EP 156 to Dingo-2 gas field. Outcrop logging sections correlated with nearby wells flattened on the Arumbera 4 (Note: The Peretatake is a recessive unit at the location of the outcrop sections and the gamma log measurements are likely suppressed. Shale black, sandstone yellow)

**Table 4-2: EP 156 Work Program (Date of Grant to Oilco Pty Ltd: 07/11/2011)**

Permit Year	From	To	Minimum Work requirements	Estimated Expenditure A\$
Year 3	7/11/14	6/11/15	150 km seismic, processing & interpretation	375,000
Year 4	7/11/15	6/11/16	Drill one well	3,000,000
Year 5	7/11/16	6/11/17	Well data processing & interpretation	375,000

### 4.3 EP(A) 155 Mount Winter

EPA 155 is located between Mereenie and Surprise Oil Fields (Figure 4-15). It comprises an area of 376 km<sup>2</sup>. Seismic and well data comprise limited 2D seismic lines and the Mount Winter-1 Mount Winter-2/2a wells (Figure 4-16). Figure 4-17 comprises a schematic map showing generalised hydrocarbon lithofacies variation for Horn Valley Siltstone. Mount Winter EP(A) 155 lies in the oil prone zone.

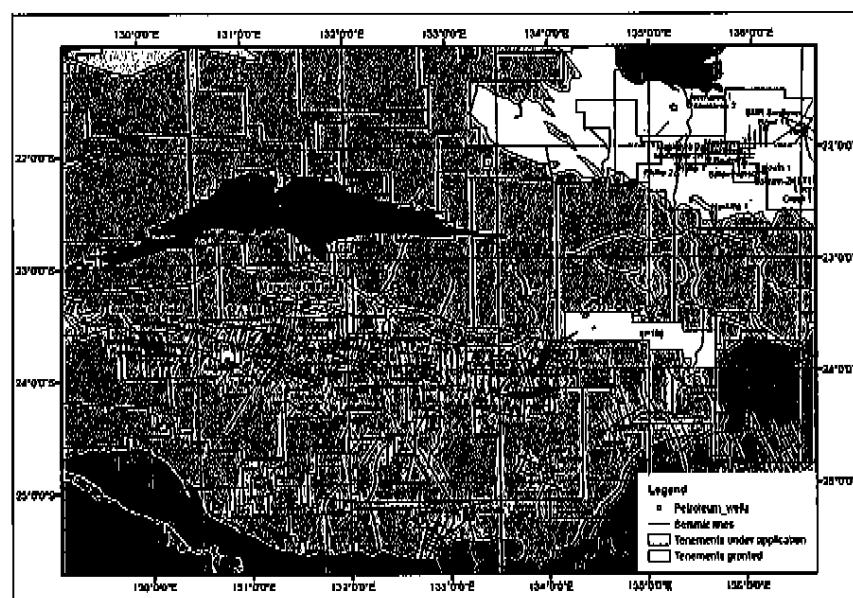


Figure 4-15: Location of EPA 156 between Mereenie and Surprise Oil fields

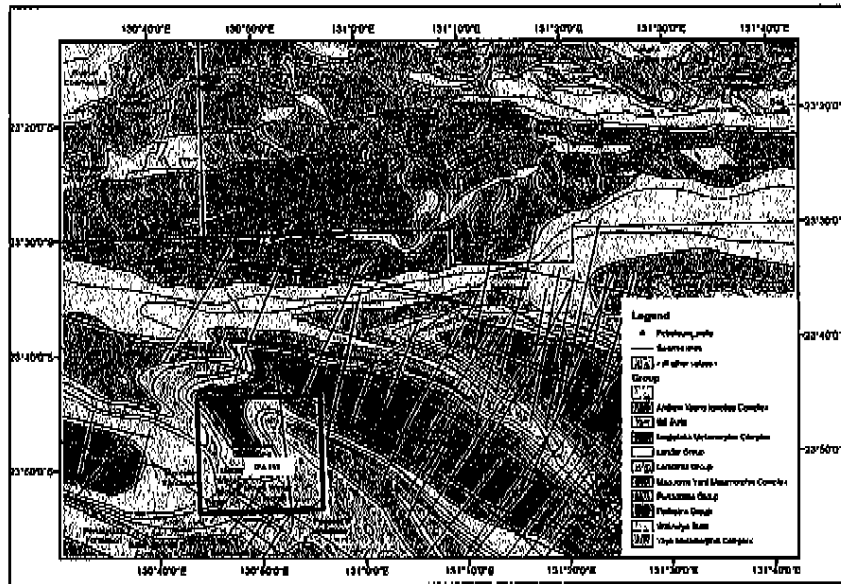


Figure 4-16: EPA 155, local geology, seismic data and wells

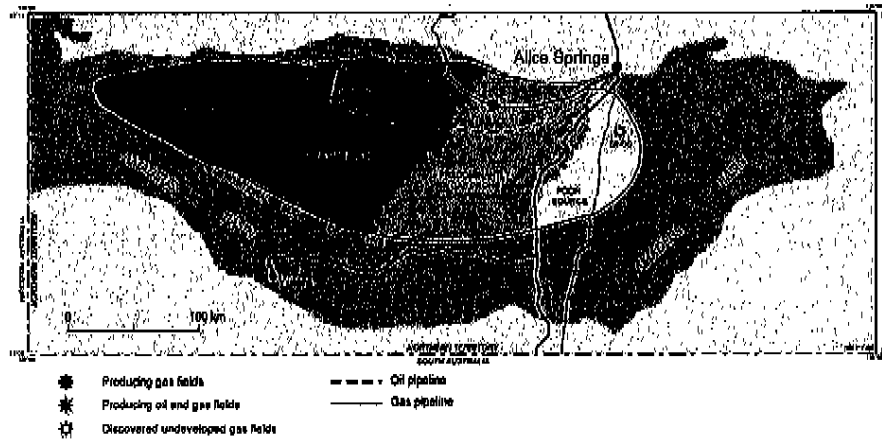


Figure 4-17: Schematic map showing generalised hydrocarbon lithofacies variation for Horn Valley Siltstone (after Gorter 1983). Source: Marshall, 2005

EPA 155 which is not yet granted and is sited in a favorable oil prone location between Mereenie and Surprise Oil Fields, the area of 378 km<sup>2</sup> which is 93,406 acres comprises significant unconventional potential hydrocarbon value.

The proposed work program for EP(A) 155 is shown in Table 4-3.

**Table 4-3: EPA 155 Proposed Work Program – Mt Winter**

Year 1 Geological and geophysical review		
	Expenditure Year 1	20,000
Year 2 Aboriginal sacred site/ heritage clearance for seismic/ drilling		
	Expenditure Year 2	50,000
Year 3 75 kilometres of seismic acquisition		
	Expenditure Year 3	375,000
Years 4 and 5 One well		
	Expenditure Years 4 and 5	2,500,000
	<b>Total Expenditure</b>	<b>2,945,000</b>

## 5 Otway Basin Project, Australia

Mosman owns 30% of VIC/P62 in the Otway Basin. The permit was recently renewed and is in relatively shallow water.

The 70% permit holder funded a 3D seismic survey in 2013. The results of the 3D seismic survey are now being integrated in to a geological model to allow identification and ranking of drilling targets. Within the Otway Basin there is commercial production both onshore and offshore.

Permit VIC/P62 is located in the offshore Otway Basin (Torquay Sub-basin) south of Geelong Victoria (Figure 5-1). The Otway Basin is the largest structural element of the Bassian Rift System that developed during the separation of Antarctica from Australia. The system comprises three major basins – The Gippsland, Bass and Otway Basins. The Torquay Sub-basin shows the greatest similarity to the Otway Basin in the Early Cretaceous but the stratigraphy of the Late Cretaceous and Tertiary is more analogous to the Bass Basin.

The Otway Basin extends west-northwest from the King Island High along the Victorian coast for 500 kilometres to Cape Jaffa in South Australia. The south western offshore limit is taken arbitrarily at the 4500 metres isobath. The distribution of Cretaceous rocks defines the rift margin in the north. The basin covers an area of approximately 150,000 square kilometres (sq.km), of which more than 48,000 sq. km is in Victoria, and contains up to 10,000 metres of Jurassic to Tertiary sediments. During the Early Cretaceous, sedimentation extended north east into the Torquay Sub-basin and possibly joined with the Gippsland Basin across the King Island – Mornington High.

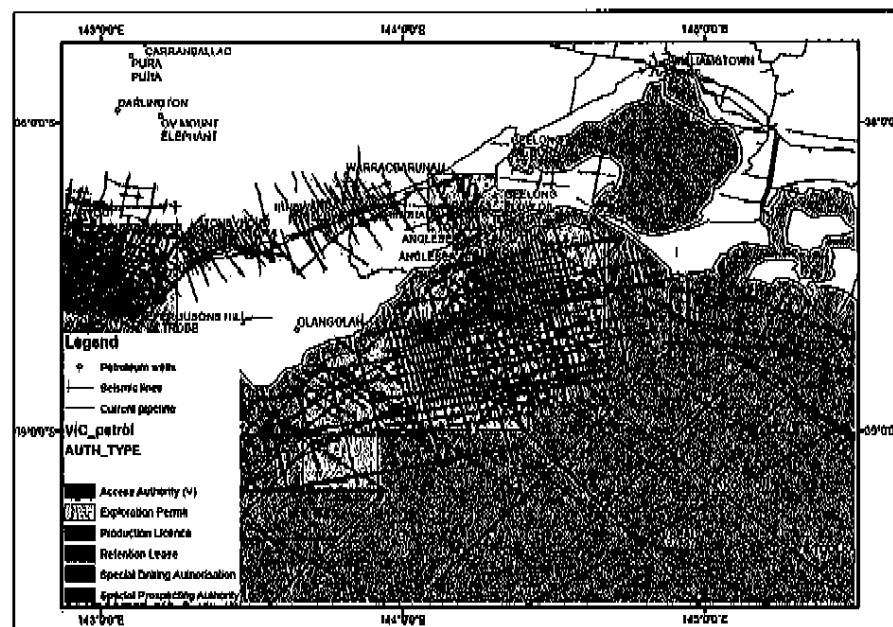


Figure 5-1: Location map of VIC/P62 exploration permit, offshore Otway Basin (Torquay Sub-basin)

The stratigraphy of the Otway Basin is presented in Figure 5-2.

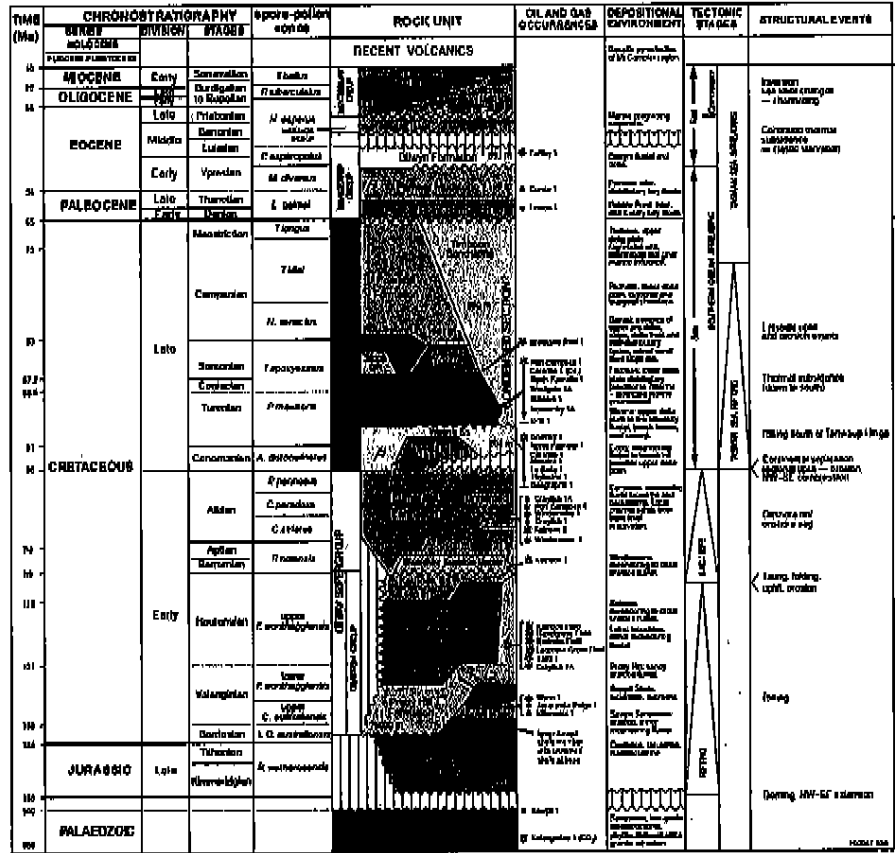


Figure 5-2: Otway Basin - Stratigraphy and hydrocarbon occurrences

Only three older vintage wells, Nerita-1, Snail-1 and Wild Dog-1, were drilled within the permit. Table 5-1 provides a summary of these petroleum wells.

Table 5-1: Summary of petroleum wells drilled within VIC/P82 (modified after Bernecker T., Driscoll J, Powell A. and Thomas J.H., 2004)

Well name	Spud date-rig released date	Latitude	Longitude	KBRT m	TD	Formation	Status	Operator
Narita-1	01/07/1967- 17/08/1967	38° 37' 43.17"S	144° 13' 44.83"E	34.1	2042.2 mKB	Boonah Formation and Eastern View Group reservoirs, additionally Olway Group reservoirs were appraised	Dry hole, P&A	Shell Development (Australia) Pty. Ltd.
Snail-1	28/11/1972- 08/12/1972	39° 53' 50"S	144° 18' 02"E	9.0	1234.7 mKB	Boonah Formation and Eastern View Group reservoirs, additionally Olway Group reservoirs were appraised	Dry hole, P&A	Hemkille Petroleum Pty. Ltd.
Wah Dog-1	24/12/1992- 09/01/1993	38° 47' 19.78"S	144° 07' 39.08"E	22.3	1222 mKB	Sandstones of the Boonah Formation and the Eastern View Group, additionally the interbedded sandstones, shales and coal sequence of the Eastern View Group were tested	Dry hole, P&A	Shell Australia Ltd.



**Reservoir:**

The proposed new play for the Torquay Sub-basin comprises sandstones below the Eumeralla Formation, with the primary target being *Pretty Hill Formation*.

**Seal:**

- Eumeralla Formation,
- and/or claystones of the *Pretty Hill*.

**Source rock:**

- Casterton Formation,
- Crayfish Subgroup, and
- Eumeralla Formation.

**Potential trap types:**

- Tilted fault block,
- Onlap onto basement high,
- Fractured basement,
- Hanging wall traps

In *Nerita-1*, significant gas shows are present within the Eastern View Group and the Eumeralla Formation. The Eastern View gas shows are dominantly associated with coals, except for a tight sandstone over the interval 1262-1274 mKB which had up to 5% C1 against a background of around 0.1%. In the Eumeralla Formation, there are several tight sands, each generally less than 5 m in thickness, with gas shows up to about 14% total gas. While a significant number of these shows are associated with coals between 1810 to 1829 mKB, a medium to fine, argillaceous sandstone with relatively more permeable intervals and no associated coal, has significant gas peaks of up to 18% (C1 18%, C2 0.15% and C3 0.08%). From about 1926 m to 1996 mKB, gas peaks up to 8% are also present in tight sandstones. It is interpreted that failure resulted from the late development of the feature, which post-dated the main migration phase (Messent B.E., Collins G.I. and West B.G., 1999). The *Nerita-1* well on the OS88A-12 seismic line is shown in **Figure 5-3**.

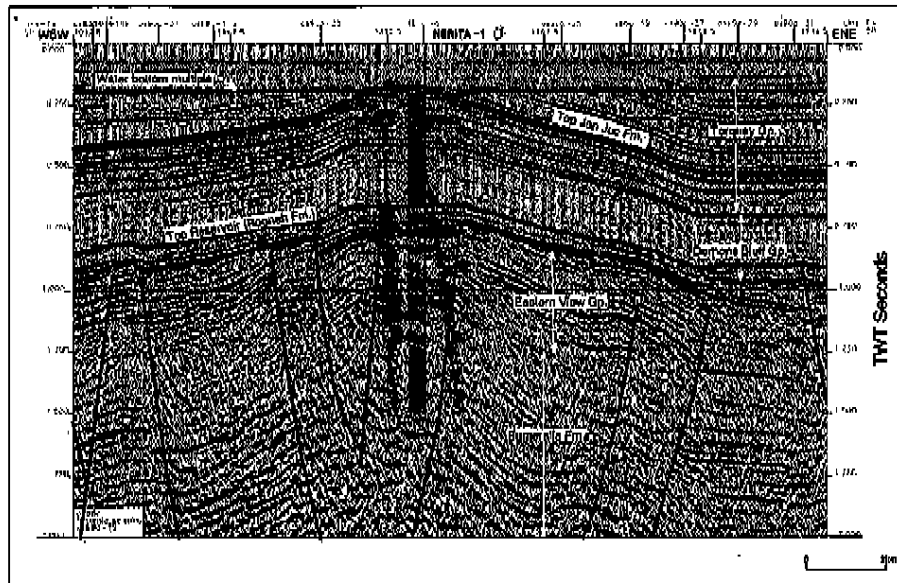


Figure 5-3: Seismic line O888A-12 showing Nerita-1 (Messent B.E., Collins G.I. and West B.G., 1999)

In Wild Dog-1, it is believed that the juxtaposition of sandstone units across the fault could account for leakage of hydrocarbons from the structure; alternatively the main migration phase for hydrocarbons may have occurred prior to the formation of the structure. Further reasons postulated by Shell include the lack of and adequate charge and the Eumeralla Formation inhibiting vertical migration (Messent B.E., Collins G.I. and West B.G., 1999). Following interpretation of the new 3D seismic data this well is known to be an invalid structural test.

In Snell-1, it is interpreted the well didn't test a valid structure (Messent B.E., Collins G.I. and West B.G., 1999).

SRK interpreted the 3D seismic data and identified leads and plays that look encouraging and should enable farm-out for drilling. The 3D survey upgraded the prospectivity in the permit by recognising Wild Dog-1 as an invalid test, and defining amplitude anomaly leads that likely relate to gas charged section.

The two main leads were recognised are updip Wild Dog-1 with a bright seismic character and Lead 1 (Figure 5-4).

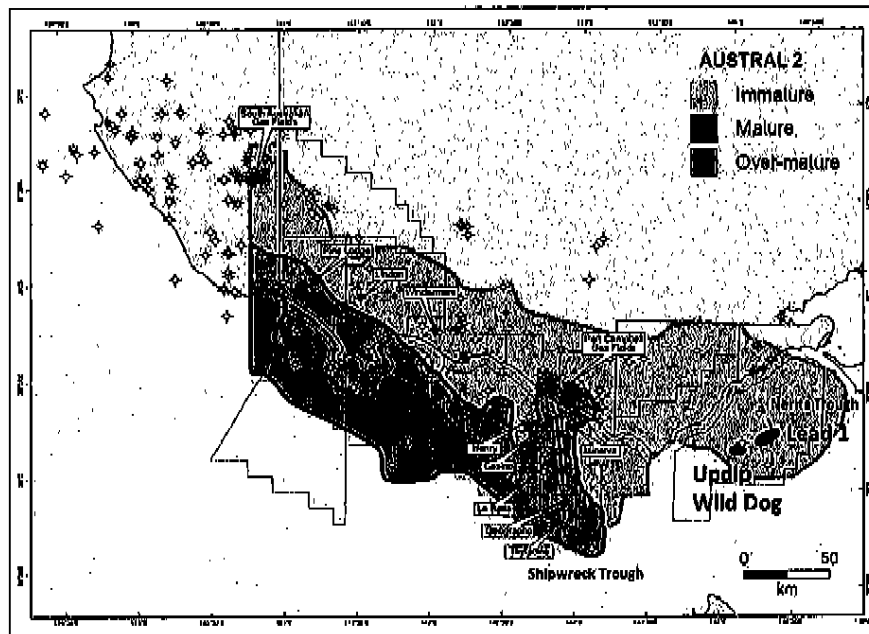


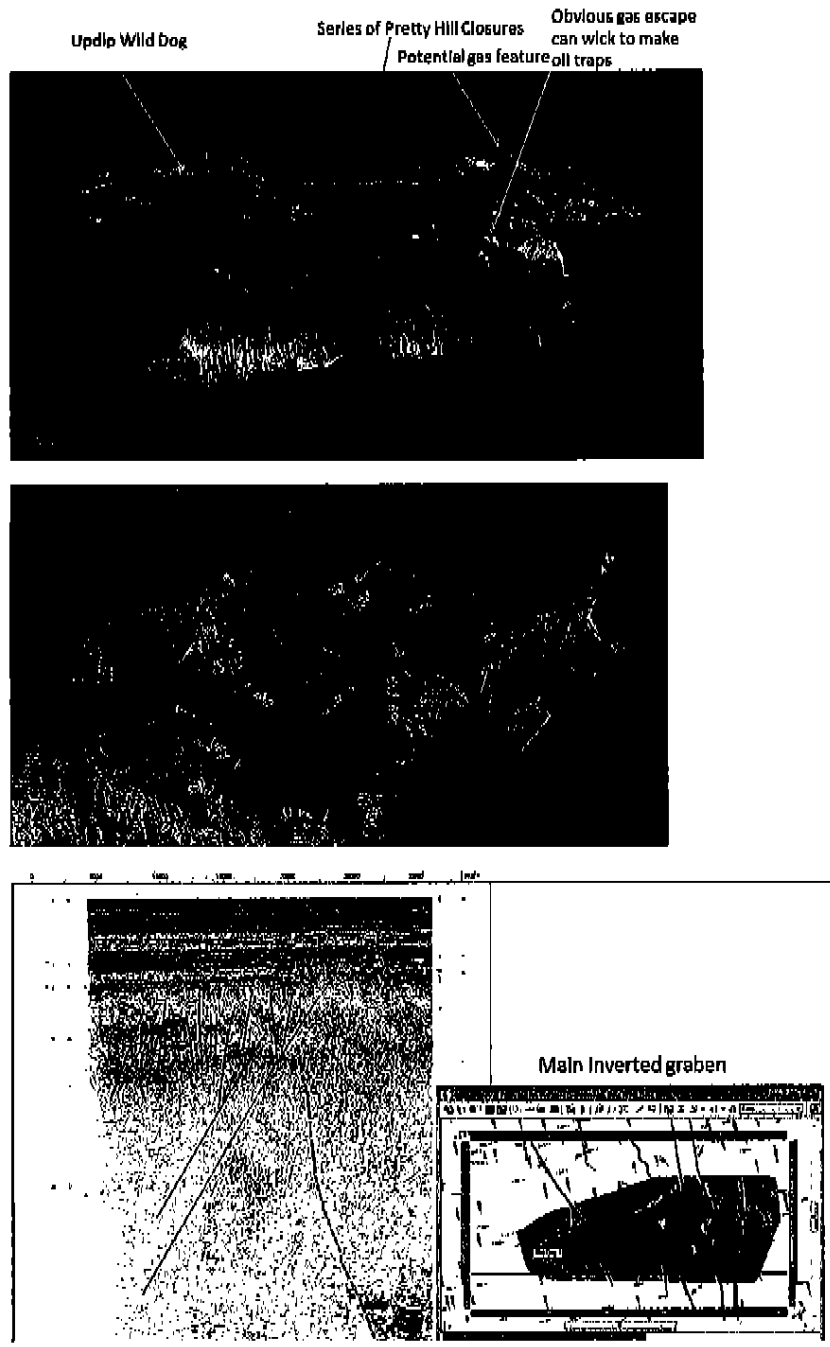
Figure 5-4: Location of Shipwreck and Nerita Troughs with the updip Wild Dog lead and Lead 1 locations shown

### 3D Seismic Mapping and Prospectivity

The 3D has defined prospects that should be capable of achieving promoted farm-out interest for drilling. There are many favourable attributes.

- The seismic data is interpreted to be affected by the presence of gas
- Structures are large with follow-up prospects
- Dry hole analysis indicates Wild Dog-1 was an off structure test
- A comparison of the Nerita Trough to the Shipwreck Trough shows interesting prospectivity similarities
- Lead 1 comprises an inverted graben low with excellent source rock potential and charge/leakage timing of the inversion.

The prospectivity is summarised in Figure 5-5 which shows an upper – anomaly map, Lead 1 detailed mapping and a lower image comprising east west seismic section south of Lead 1 and graben location map.



**Figure 5-6: Summary of the 3D Lead 1 prospectivity (upper – anomalies, mid Lead 1 detail, lower east west seismic section south of Lead 1)**

Trident was granted the permit in 2005, and it now carries a work program commitment as shown in Table 5-2.

**Table 5-2: VIC/P62 Original Work commitment**

Year	Commences	Ends	Work commitment	Estimated cost
1	13/09/2005	12/09/2006	G&G	\$0.25 m
2	13/09/2006	12/09/2007	G&G	\$0.32 m
3*	13/09/2007	12/03/2010	420 kilometres 2D seismic	\$1.2 m
4	13/09/08	12/03/2010	G&G	\$0.15 m
5	13/03/10	12/03/2011	Survey preparation	\$0.25 m
6	13/03/11	12/03/13	175 km <sup>2</sup> 3D seismic survey	\$5.6 m
<b>Total</b>				<b>\$7.67 m</b>

The following renewal was granted on 27th day of June 2014 (Table 5-3).

**Table 5-3: VIC/P62 Work commitment**

Year of Term of Permit	Minimum Work Requirements	Estimated Expenditure Constant dollars (indicative only) \$A
1	Geological and Geophysical Studies	\$250,000
2	Geological and Geophysical Studies	\$500,000
3	One (1) exploration well	\$35,000,000
4	Geological, Geophysical, Engineering and Commercial Studies Acquisition, processing and interpretation of 140 km <sup>2</sup> 3D seismic survey	\$500,000 \$4,000,000
5	One (1) exploration well Technical review and assessment of permit	\$32,000,000 \$3,000,000

## 6 Canning Basin EP478 (Option 17.5%)

Area EP478 (Figure 6-1) comprises a gazetted petroleum exploration block in the Canning Basin of WA. Area EP478 was awarded to Buru (100%) in May 2011. In June 2010 Buru announced a farm-in agreement with Mitsubishi Corporation to jointly explore Buru's permits in the Canning Basin. EP 478 is one of the permits where Mitsubishi may earn an interest by funding work.

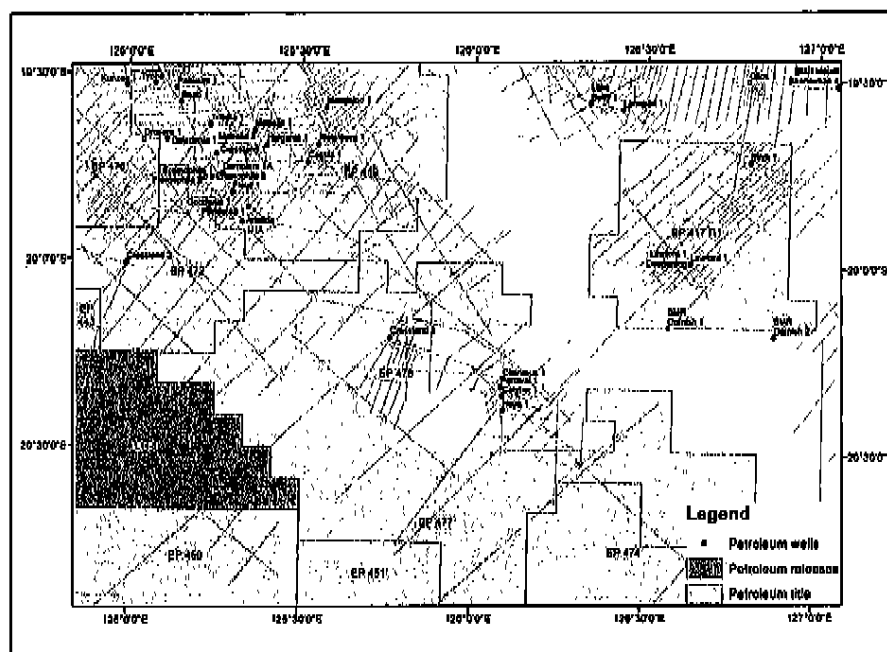


Figure 6-1: Location of EP478 in the interior Canning Basin (Kidston Sub-basin)

Mosman has an option to participate if the Joint Venture elects to drill a well in the permit by paying 25% of well costs to earn 17.5% of the of the first well. Apache Energy Ltd (Apache) also has an option to farm-in to this well, and it funded most of the cost of the recent 504 km Mount Rosamund 2D seismic acquisition programme as part of their Acacia permit farm-in.

The stratigraphy of the southern Canning Basin, as recognised in the Kidson Sub-basin and on the Crossland Platform is shown in Figure 6-2.

The stratigraphy and petroleum system of the southern Canning Basin, as recognised in the Kidson Sub-basin and on the Crossland Platform is shown in Figure 6-3.

**Petroleum Systems:** There are three active petroleum systems in the Canning Basin and these are correlated to source rocks of Ordovician to Permian age (Goldwyer-Bongabinni; Gogo; and Laurel-Anderson-Grant). In the central Canning Basin there is a further distinction made between pre-salt (Goldwyer-Bongabinni) and post-salt (Gogo; and Laurel-Anderson-Grant) systems.

Figure 6-3 presents a basin wide schematic of the stratigraphy and petroleum systems (Geological Survey of Western Australia, 2002). The systems are identified, with proven source-rock intervals in:

- The Ordovician Nambrot, Willara, Goldwyer, and Carribuddy Formations.
- The Devonian, Givettian, and Frasnian Intervals where the highest source potential is in anoxic carbonaceous lithofacies of the back-reef subfacies of the Pillara Limestone and basin facies of the Gogo Formation.
- The Lower Carboniferous Fairfield Group that includes effective source rocks in the Laurel and Anderson Formations (that sourced the Lloyd 1, West Kora 1, and Point Torment 1 hydrocarbon accumulations.)
- The Carboniferous and Permian sequences that include source rocks in the Upper Grant Group shales, Poole Sandstone, and Noonkanbah Formation.

The Ordovician and Devonian petroleum systems are considered to provide significant prospects for liquid hydrocarbons, with the potential to generate tens of billions of barrels of oil. Devonian carbonates are productive on the Lennard Shelf. To date the Early Carboniferous has produced mainly oil and minor gas, with several small oilfields (Boundary, Sundown, and West Terrace) in the Permian- Carboniferous system reservoirs.

The pre-salt Ordovician, Silurian and Devonian systems are expected to be present in EP478.

The prospects and leads in the block are shown in Figures 6-4 and 6-5.

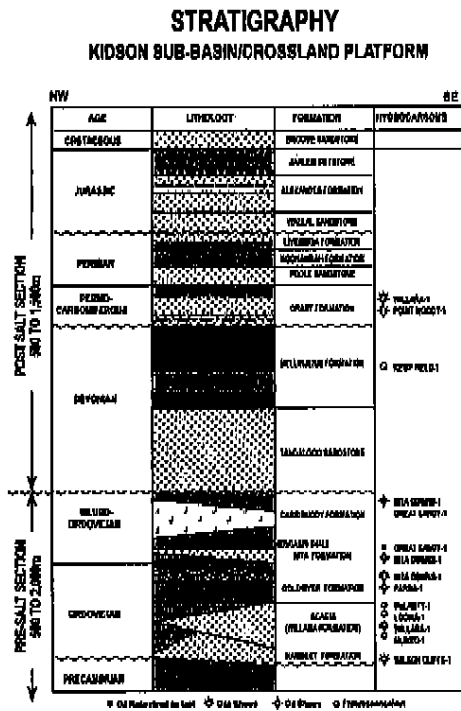


Figure 6-2: Southern Canning Basin stratigraphy

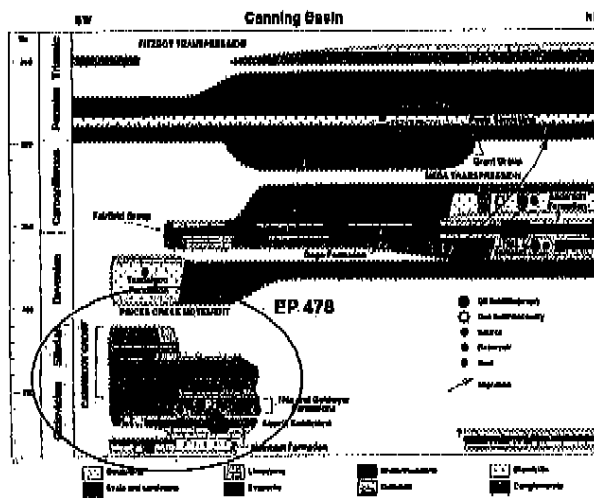


Figure 6-3: Stratigraphy and petroleum systems of the Canning Basin

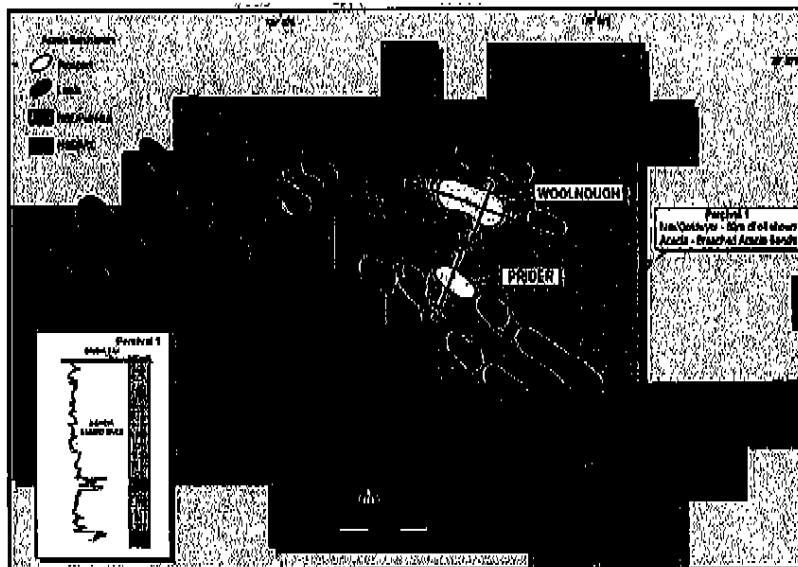
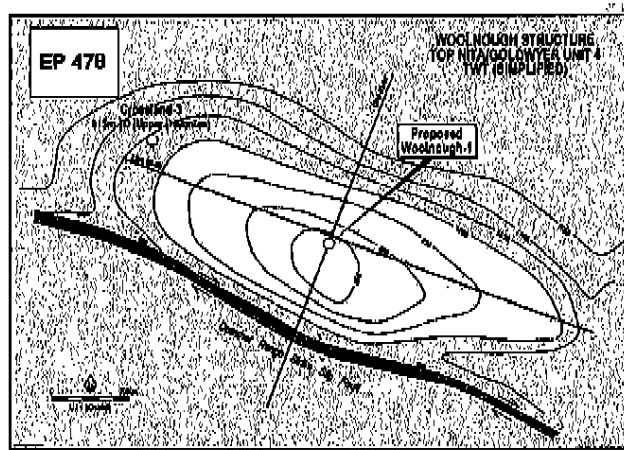


Figure 6-4: Prospects and leads in EP 478





**Figure 6-5: Woolnough-1 Proposed Prospect in EP 478**

EP 478 was granted 28<sup>th</sup> April 2011 to Buru (100%) with a work programme as detailed in **Table 6-1**.

The current approved work program as at 11<sup>th</sup> December 2014 is presented in **Table 6-2**. **SRK note that a variation has been submitted to**

- (i) suspend the work program; and
- (ii) vary the work program.

The applications were lodged by Buru Energy Limited on 16<sup>th</sup> and 19<sup>th</sup> December 2014 respectively; the application to suspend was granted on 21<sup>st</sup> January 2015 and the variation application is pending.

**Table 6-1: EP 478 Work programme**

Year of Term	Title Year Start	Title Year End	Minimum Work Requirements	Estimated Expenditure Constant dollars (Indicative only) \$A
1	28/04/11	31/12/11	Geological & Geophysical Studies	\$100,000
2	01/01/12	31/12/12	One (1) Exploration Well	\$3,000,000
3	01/01/13	31/12/13	Geological & Geophysical Studies	\$75,000
4	01/01/14	31/12/14	Geological & Geophysical Studies	\$75,000

**Table 6-2: EP 478 Work programme as at 11<sup>th</sup> December 2014**

**STATE OF WESTERN AUSTRALIA**  
**PETROLEUM AND GEOTHERMAL ENERGY RESOURCES ACT 1987**  
**SUSPENSION OF WORK PROGRAM AFFECTING**  
**PETROLEUM EXPLORATION PERMIT EP 478**  
**STP-EPS-0176**

I, JEFFREY HUNTLY HAWORTH, the Executive Director, Petroleum Division of the Department of Mines and Petroleum, under delegation from the Minister for Mines and Petroleum, pursuant to section 97 of the *Petroleum and Geothermal Energy Resources Act 1987*, hereby:

1. Suspend the condition requiring the completion the Year 4 work program for a period of 12 months from 31 January 2016 to 31 January 2017; and
2. Extend the term of the petroleum exploration permit for a period of 12 months from 31 January 2016 to 31 January 2017;

by replacing the table referenced to in Condition 1 of the Title Instrument for petroleum exploration permit EP 478 with the following table:

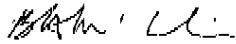
Year of Term	Title Year Start	Title Year End	Minimum Work Requirements	Estimated Expenditure Constant dollars (indicative only) \$A
1	28/04/2011	31/01/2013	Geological and Geophysical Studies	100,000
2	01/02/2013	31/01/2015	1,800km <sup>2</sup> Aero Gravity Survey	300,000
3	01/02/2014	31/01/2016	Geological and Geophysical Studies	75,000
3	01/02/2014	31/01/2016	125km New 2D Seismic Survey	1,280,000
4	01/02/2016	31/01/2017	Geological and Geophysical Studies	75,000
4	01/02/2016	31/01/2017	One (1) Exploration Well	3,000,000

Dated this 11 day of December 2014

Made under the *Petroleum and Geothermal Energy Resources Act 1987* of the State of Western Australia.

  
 Jeff HAWORTH  
 EXECUTIVE DIRECTOR  
 PETROLEUM DIVISION

**Compiled by**



Dr Bruce McConachie  
Principal Consultant

**Peer Reviewed by**



Peter Stanmore  
Associate Principal Consultant

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## Appendices

## **Appendix A: Category Definitions of Petroleum Reserves and Resources**

For further details on the definitions and guidelines, please see the original document (SPE, 2007).

The following figure (from the World Petroleum Council) presents 1P 2P and 3P category definitions. Furthermore, it provides guidelines designed to promote consistency in resource assessments. The following summarizes the definitions for each Reserves category in terms of both the deterministic incremental approach and scenario approach and also provides the probability criteria if probabilistic methods are applied.

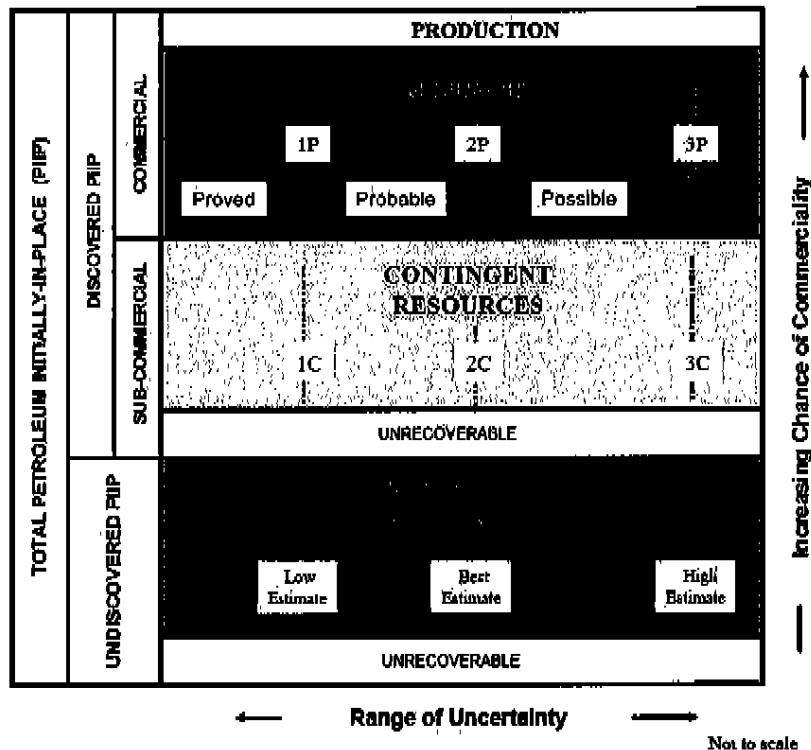


Figure A-1: Resources Classification Framework

**Proved Reserves** are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

**Probable Reserves** are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

**Possible Reserves** are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus

Probable plus Possible (3P) Reserves, which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.

The "Range of Uncertainty" reflects a range of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the "Chance of Commerciality", that is, the chance that the project that will be developed and reach commercial producing status.

The following definitions apply to the major subdivisions within the resources classification:

**TOTAL PETROLEUM INITIALLY-IN-PLACE** is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resources").

**DISCOVERED PETROLEUM INITIALLY-IN-PLACE** is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production.

**PRODUCTION** is the cumulative quantity of petroleum that has been recovered at a given date. While all recoverable resources are estimated and production is measured in terms of the sales product specifications, raw production (sales plus non-sales) quantities are also measured and required to support engineering analyses based on reservoir voidage.

Multiple development projects may be applied to each known accumulation, and each project will recover an estimated portion of the initially-in-place quantities. The projects shall be subdivided into Commercial and Sub-Commercial, with the estimated recoverable quantities being classified as Reserves and Contingent Resources respectively, as defined below.

**RESERVES** are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria's: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

**CONTINGENT RESOURCES** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterized by their economic status.

**UNDISCOVERED PETROLEUM INITIALLY-IN-PLACE** is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.



**PROSPECTIVE RESOURCES** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

**UNRECOVERABLE** is that portion of Discovered or Undiscovered Petroleum Initially-In-Place quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur, the remaining portion may never be recovered due to physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

**ESTIMATED ULTIMATE RECOVERY (EUR)** is not a resources category, but a term that may be applied to any accumulation or group of accumulations (discovered or undiscovered) to define those quantities of petroleum estimated, as of a given date, to be potentially recoverable under defined technical and commercial conditions plus those quantities already produced (total of recoverable resources).

In specialized areas, such as basin potential studies, where alternative terminology has been used, the total resources may be referred to as Total Resource Base or Hydrocarbon Endowment. Total recoverable or EUR may be termed Basin Potential. The sum of Reserves, Contingent Resources and Prospective Resources may be referred to as "remaining recoverable resources". When such terms are used, it is important that each classification component of the summation also be provided. Moreover, these quantities should not be aggregated without due consideration of the varying degrees of technical and commercial risk involved with their classification.

#### Project-Based Resources Evaluations

The resources evaluation process consists of identifying a recovery project, or projects, associated with a petroleum accumulation(s), estimating the quantities of Petroleum Initially-In-Place, estimating that portion of those in-place quantities that can be recovered by each project, and classifying the project(s) based on its maturity status or chance of commerciality.

This concept of a project-based classification system is further clarified by examining the primary data sources contributing to an evaluation of net recoverable resources (see Figure A-2) that may be described as follows:

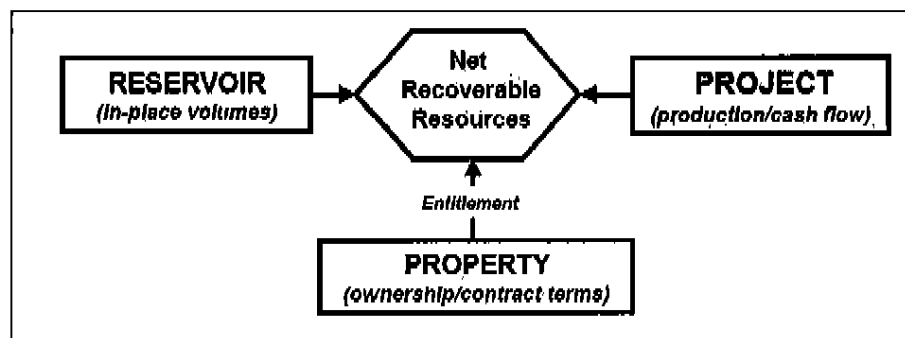


Figure A-2: Resources Evaluation Data Sources

### Resources Classification

The basic classification requires establishment of criteria for a petroleum discovery and thereafter the distinction between commercial and sub-commercial projects in known accumulations (and hence between Reserves and Contingent Resources).

#### Determination of Discovery Status

A discovery is one petroleum accumulation, or several petroleum accumulations collectively, for which one or several exploratory wells have established through testing, sampling, and/or logging the existence of a significant quantity of potentially moveable hydrocarbons.

In this context, "significant" implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place volume demonstrated by the well(s) and for evaluating the potential for economic recovery. Estimated recoverable quantities within such a discovered (known) accumulation(s) shall initially be classified as Contingent Resources pending definition of projects with sufficient chance of commercial development to reclassify all, or a portion, as Reserves.

Where in-place hydrocarbons are identified but are not considered currently recoverable, such quantities may be classified as Discovered Unrecoverable, if considered appropriate for resource management purposes, a portion of these quantities may become recoverable resources in the future as commercial circumstances change or technological developments occur.

#### Determination of Commerciality

Discovered recoverable volumes (Contingent Resources) may be considered commercially producible, and thus Reserves, if the entity claiming commerciality has demonstrated firm intention to proceed with development and such intention is based upon all of the following criteria:

Evidence to support a reasonable timetable for development.

A reasonable assessment of the future economics of such development projects meeting defined investment and operating criteria.

A reasonable expectation that there will be a market for all or at least the expected sales quantities of production required to justify development.

Evidence that the necessary production and transportation facilities are available or can be made available.

Evidence that legal, contractual, environmental and other social and economic concerns will allow for the actual implementation of the recovery project being evaluated.

To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability. There must be a reasonable expectation that all required internal and external approvals will be forthcoming, and there is evidence of firm intention to proceed with development within a reasonable time frame. A reasonable time frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While 5 years is recommended as a benchmark, a longer time frame could be applied where, for example, development of economic projects are deferred at the option of the producer for, among other things, market-related reasons, or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.

To be included in the Reserves class, there must be a high confidence in the commercial producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.

**Project Status and Commercial Risk**

Evaluators have the option to establish a more detailed resources classification reporting system that can also provide the basis for portfolio management by subdividing the chance of commerciality axis according to project maturity. Such sub-classes may be characterized by standard project maturity level descriptions (qualitative) and/or by their associated chance of reaching producing status (quantitative).

As a project moves to a higher level of maturity, there will be an increasing chance that the accumulation will be commercially developed. For Contingent and Prospective Resources, this can further be expressed as a quantitative chance estimate that incorporates two key underlying risk components:

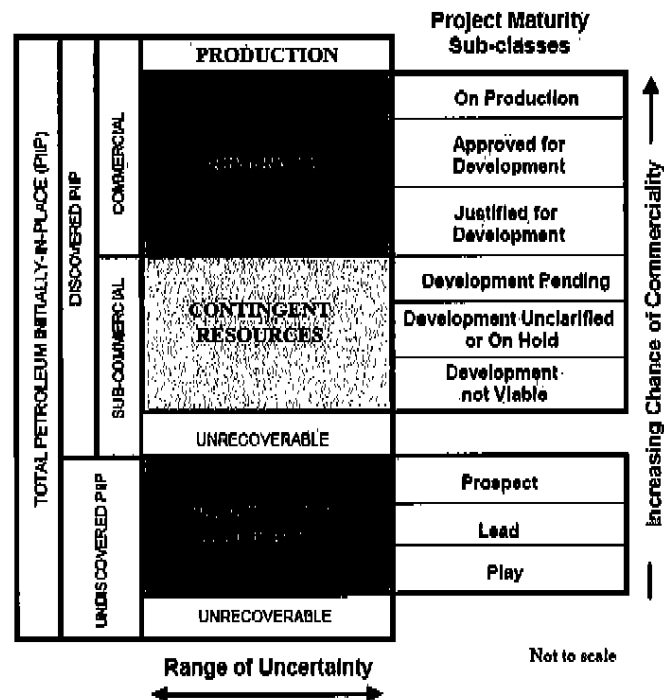
The chance that the potential accumulation will result in the discovery of petroleum. This is referred to as the "chance of discovery"

Once discovered, the chance that the accumulation will be commercially developed is referred to as the "chance of development".

Thus, for an undiscovered accumulation, the "chance of commerciality" is the product of these two risk components. For a discovered accumulation where the "chance of discovery" is 100%, the "chance of commerciality" becomes equivalent to the "chance of development".

**Project Maturity Sub-Classes**

As illustrated in Figure A-3 development projects (and their associated recoverable quantities) may be sub-classified according to project maturity levels and the associated actions (business decisions) required to move a project toward commercial production.



**Figure A-3: Project Maturity Sub-Classes**

Project Maturity terminology and definitions have been modified from the example provided in the 2001 Supplemental Guidelines, Chapter 2. Detailed definitions and guidelines for each Project maturity sub-class are provided in Table 1. This approach supports managing portfolios of opportunities at various stages of exploration and development and may be supplemented by associated quantitative estimates of chance of commerciality. The boundaries between different levels of project maturity may be referred to as "decision gates".

Decisions within the Reserves class are based on those actions that progress a project through final approvals to Implementation and Initiation of production and product sales. For Contingent Resources, supporting analysis should focus on gathering data and performing analyses to clarify and then mitigate those key conditions, or contingencies that prevent commercial development.

For Prospective Resources, these potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under appropriate development projects. The decision at each phase is to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity where a decision can be made to proceed with exploration drilling.

Evaluators may adopt alternative sub-classes and project maturity modifiers, but the concept of increasing chance of commerciality should be a key enabler in applying the overall classification system and supporting portfolio management.

#### **Reserves Status**

Once projects satisfy commercial risk criteria, the associated quantities are classified as Reserves. These quantities may be allocated to the following subdivisions based on the funding and operational status of wells and associated facilities within the reservoir development plan (detailed definitions and guidelines are provided in Figure A-3):

Developed Reserves are expected quantities to be recovered from existing wells and facilities

Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate

Developed Non-Producing Reserves include shut-in and behind-pipe Reserves

Undeveloped Reserves are quantities expected to be recovered through future investments.

Where Reserves remain undeveloped beyond a reasonable timeframe, or have remained undeveloped due to repeated postponements, evaluations should be critically reviewed to document reasons for the delay in initiating development and justify retaining these quantities within the Reserves class. While there are specific circumstances where a longer delay (see Determination of Commerciality, section 2.1.2) is justified, a reasonable time frame is generally considered to be less than 5 years.

Development and production status are of significant importance for project management. While Reserves Status has traditionally only been applied to Proved Reserves, the same concept of Developed and Undeveloped Status based on the funding and operational status of wells and producing facilities within the development project are applicable throughout the full range of Reserves uncertainty categories (Proved, Probable and Possible).

Quantities may be subdivided by Reserves Status independent of sub-classification by Project Maturity. If applied in combination, Developed and/or Undeveloped Reserves quantities may be identified separately within each Reserves sub-class (On Production, Approved for Development, and Justified for Development).

**Economic Status**

Projects may be further characterized by their Economic Status. All projects classified as Reserves must be economic under defined conditions.

Based on assumptions regarding future conditions and their impact on ultimate economic viability, projects currently classified as Contingent Resources may be broadly divided into two groups:

Marginal Contingent Resources are those quantities associated with technically feasible projects that are either currently economic or projected to be economic under reasonably forecasted improvements in commercial conditions but are not committed for development because of one or more contingencies.

Sub-Marginal Contingent Resources are those quantities associated with discoveries for which analysis indicates that technically feasible development projects would not be economic and/or other contingencies would not be satisfied under current or reasonably forecasted improvements in commercial conditions. These projects nonetheless should be retained in the inventory of discovered resources pending unforeseen major changes in commercial conditions.

Where evaluations are incomplete such that it is premature to clearly define ultimate chance of commerciality, it is acceptable to note that project economic status is "undetermined." Additional economic status modifiers may be applied to further characterize recoverable quantities; for example, non-sales (lease fuel, flare, and losses) may be separately identified and documented in addition to sales quantities for both production and recoverable resource estimates (see also Reference Point, section 3.2.1). Those discovered in-place volumes for which a feasible development project cannot be defined using current or reasonably forecast improvements in technology are classified as Unrecoverable.

Economic Status may be identified independently of, or applied in combination with, Project Maturity sub-classification to more completely describe the project and its associated resources.

SRK Consulting

Client Distribution Record

**SRK Report Client Distribution Record****Project Number:** MOS010**Report Title:** Mosman Oil Gas Report Assets and Resources**Date Issued:** 28 January 2015

Name/Title	Company
John Barr/Andy Carroll	Mosman Oil & Gas
Madison Lin	Hardy Bowen Lawyers

Rev No.	Date	Revised By	Revision Details
0	28/01/2015	Dr Bruce McConachie	Final report to client

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## Annexure C – Tenement & Title Report

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*Graeme K Alexander*  
Solicitor  
New South Wales

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28 January 2015

Directors  
Mosman Oil and Gas Limited  
981 Wellington Street  
Level 1  
West Perth  
Western Australia 6005

Dear Sirs

**Mosman Oil and Gas Limited ACN 150 287 111**  
**Australian and New Zealand Tenement & Title Report**

### 1. Introduction

This report ("Report") has been prepared for inclusion in the bidder's statement to be issued by Mosman Oil and Gas Limited ("Mosman") in relation to the proposed takeover bid by Mosman for all of the ordinary shares in MEO Australia Limited.

Mosman has, through its several wholly and partly-owned subsidiaries, petroleum tenement interests onshore New Zealand and onshore and offshore Australia. Mosman's New Zealand subsidiary Petroleum Creek Limited ("PCL") holds a petroleum exploration permit on the West Coast of the South Island, and its other wholly-owned subsidiary Mosman Oil & Gas (NZ) Limited ("MNZ") was granted two nearby permits, as well as a permit on the East Coast of the North Island.

Through its acquisition of Oilco Pty Ltd ACN 130 979 216 ("Oilco"), Mosman acquired an interest in a petroleum exploration permit and an application for a permit in the Amadeus Basin, Northern Territory. Upon the acquisition of Trident Energy Limited ACN 113 536 182 ("Trident") Mosman acquired two onshore permits in the Northern Territory and Western Australia and an offshore Victoria permit.

Mosman's subsidiary Petroleum Portfolio Pty Ltd ACN 158 032 881 ("PPPL") holds an indirect interest in a large onshore permit application in Western Australia through its 25% shareholding in Australian Petroleum Portfolio Pty Ltd ACN 135 371 736 ("APPPL").

This Report is provided in respect of the oil and gas interests held by Mosman in the Australian offshore and onshore titles ("Australian Tenement Interests") and in the New Zealand onshore titles ("New Zealand Tenement Interests").

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"Liability limited by a scheme approved under Professional Standards Legislation"  
Graeme K Alexander

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**2. Material reviewed**

This Report is based upon the following material ("Disclosure Material"):

- (a) Documents and information that responsible officers of Mosman have provided or made available to me, regarding the Australian Tenement Interests and the New Zealand Tenement Interests which are discussed in this Report.
- (b) Public domain information obtained from internet searches of the registers maintained by the following Australian State and Territory Government authorities which regulate the respective tenement areas where the Australian Tenement Interests are held:
  - (i) Department of Mines and Petroleum, Western Australia ("WADMP");
  - (ii) Department of Mines and Energy, Northern Territory ("NTDME"); and
  - (iii) National Electronic Tracking System ("NEATS"), administered by the National Offshore Petroleum Titles Administrator ("NOPTA"), Commonwealth.
- (c) Public domain information obtained from internet searches of the registers maintained by the Ministry of Business Innovation and Employment ("MBIE") through its agency New Zealand Petroleum & Minerals ("NZP&M") which regulates the permits under which the New Zealand Tenement Interests are held.
- (d) Public domain information obtained from internet searches of the registers maintained by the Australian Securities and Investments Commission ("ASIC") and registers maintained by the Registrar of Personal Property Securities in accordance with the Personal Properties Securities Act 2009 (Cwth).
- (e) Public domain information obtained from internet searches of the registers maintained by the New Zealand Registrar of Companies and registers maintained by the Registrar of Personal Property Securities in accordance with the Personal Properties Securities Act 1999 (NZ).

The searches were conducted during the period 7 January up to 26 January 2015 and to the best of my knowledge are accurate as at the dates on which they were conducted.

I have relied on and used information from the Disclosure Material for the purpose of preparing this Report.

As a result of my review of the Disclosure Material I consider that this Report provides an accurate statement as at 26 January 2015, of the status of Mosman's Australian Tenement Interests and New Zealand Tenement Interests.



### 3. Assumptions and Qualifications

This Report is made subject to the assumptions and qualifications set out in Annexure A.

### 4. Australian Tenement Interests

A summary of the Australian Tenement Interests held by Mosman based on information contained in the Disclosure Material is set out in Annexure B. Further information about the exploration permits and exploration permit applications in which Mosman holds rights or an interest is set out in Annexure C. A brief description of the material contracts pursuant to which Mosman acquired and maintains the Australian Tenement Interests is set out in the body of the Report.

#### 4.1 Offshore Victoria Tenement Interest

##### 4.1.1 Overview of offshore legislative structure

In Australia, offshore petroleum exploration and operations are covered by both Commonwealth and State legislation. The principal Commonwealth legislation is the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* ("OPGGGS Act") which applies beyond three nautical miles from the baseline of the territorial sea. State legislation applies in the offshore area up to that limit. The State and Commonwealth legislation have been designed to "mirror" each other to minimise disruption across the State/Commonwealth border. The jointly administered scheme regulates the grant of exploration permits and licences to companies to explore for and exploit petroleum.

In Commonwealth waters the Joint Authority (Commonwealth) ("JA") and the Designated Authority (State) jointly award titles. The Designated Authority ("DA") is responsible for the day to day approval of activities undertaken in relation to the titles in accordance with the regulatory regime. The offshore Acts allow for five basic types of petroleum titles. Three of these are: exploration permits, retention leases and production licences.

##### Exploration Permits

Exploration permits provide the exclusive right to undertake geological and geophysical work to explore for petroleum including seismic surveys and exploration drilling in the area covered by the permit. Permits are normally awarded on a work program bidding basis. The first term is six years. At the end of the first (and subsequent) terms, the permittee has the option of renewing for five years with a 50% relinquishment of the area each time, subject to acceptance of the work program for the renewed area. The number of renewals depends on each individual case. If the permit was granted on or after 1 January 2003, the permit cannot be renewed more than twice. If a discovery is made, a location is declared and the permittee may apply for a retention lease or production licence in relation to the location.

**Retention Leases**

Retention leases may be granted to holders of exploration permits who declare that a discovery is not commercial but is expected to become so within 15 years. Retention leases are issued for five years initially, with the option for five year renewals.

**Production Licences**

Production licences allow the construction of production facilities, the extraction and production of petroleum as well as further exploration within the licensed area. Production licences can be issued for an indefinite term ('life of field'). The licence may be terminated if there are no production operations for five years.

Once a title has been awarded, each subsequent independent activity in the title must be separately authorised. Relevant plans covering environment, safety, well operations and resource management are required for the activities. In order to retain title, conditions of work must be met and annual rental fees paid.

The legislative regime establishes a system for the registration of petroleum titles and petroleum special prospecting authorities relating to offshore areas ("OPGGS Register"). The OPGGS Register is maintained by the National Offshore Petroleum Titles Administrator ("NOPTA"), which was established on 1 January 2012, and is a function provided by the Commonwealth Department of Industry. NOPTA administers titles, undertakes data and resource management, and provides technical advice to the JA.

**4.1.2 Otway Basin, Offshore Victoria**

The Disclosure Material shows that, as a result of a successful off-market takeover, Mosman acquired all of the shares of Trident Energy Limited ("Trident") on 10 November 2014.

The Disclosure Material shows that Trident was registered in Victoria under the provisions of the *Corporations Act 2001* (Cwth) as an Australian public company limited by shares on 7 May 2008. The basic registration details of Trident as at 19 January 2015 are as follows:

<b>Name and ACN:</b>	Trident Energy Limited ACN 113 536 182
<b>Status:</b>	Registered
<b>Issued Capital:</b>	14,464,888 fully paid ordinary share paid/taken to be paid to \$4,005,447
<b>Registered Office:</b>	Ready Lagoon Corporation, Level 2, 337A Lennox Street, Richmond VIC 3121
<b>Principal Business Address:</b>	Level 1, 981 Wellington Street, West Perth WA 6005

<b>Directors:</b>	John William Barr, Andrew Robert Carroll
<b>Secretaries:</b>	Zane Robert Lewis
<b>Personal Property Securities Register:</b>	Three registrations: <ol style="list-style-type: none"> <li>1. 23 July 2014 No. 201407230052266 Mosman Oil and Gas Limited Security Interest over all present and after-acquired property – no exceptions. Not subordinate.</li> <li>2. 15 Sept 2014 No. 619245038153 Christopher Osborne Haslam Security Interest over all present and after-acquired property – no exceptions. Subordinate.</li> <li>3. 24 Nov 2014 No. 201411240037094 Mosman Oil and Gas Limited Security Interest over all present and after-acquired property – no exceptions. Not subordinate.</li> </ol>

**Exploration Permit VIC/P62**

The Disclosure Material from an online public NEATS enquiry carried out on 25 January 2015 provides the following information in respect of VIC/P62.

Initial grant date: 13 September 2005

Current term/expiry date: 5 years / 10 July 2019 (previous expiry date was 12 March 2014)

Status: Active

Area: 2,461 km<sup>2</sup> or 40 Blocks

Titleholders: Trident Energy Limited  
Loyz Oil Australia Pty Ltd ("Loyz")  
(participating interests are not disclosed)

Operator: Trident

The most recent title endorsement was lodged by Trident on 7 March 2014 for permit renewal; this was approved and registered 11 July 2014.

Registered holders Trident and Loyz were granted renewal of the permit over 40 Blocks for 5 years. The minimum work requirement for the first three years of the renewed permit term comprises geological and geophysical studies during Years one and two and an exploration well in Year 3, with a total estimated expenditure of A\$35,750,000.

**Material contracts:**

**Farmin Agreement dated 26 November 2011 (copy sighted was dated and duly executed by both parties)**

Between: Trident Energy Limited; and  
Loyz Oil Australia Pty Ltd (represented as a subsidiary of Loyz Oil Pte Ltd, which is a subsidiary of Loyz Energy Limited, a public company listed on the Singapore Stock Exchange)

Dealing was approved and registered on 12 December 2011  
Recites that Trident had completed Years 1 to 5 work obligations and was seeking to suspend Year 6 work program of 175 km<sup>2</sup> of 3D seismic.

**Undertakings:**

Loyz to acquire 70% participating interest in three tranches:

- 1) 20% for cash payment of A\$650,000
- 2) additional 31% for carrying out and funding 100% the agreed 3D Seismic API Program; and
- 3) additional 19% when the seismic interpretation report was completed.

Trident is required to take all necessary steps to transfer the operatorship of the Permit to Loyz upon the issuance of the seismic interpretation report.

The parties agreed to enter into a joint operating agreement by 8 December 2011.

It was agreed that Loyz would enter into a seismic contract for the provision of the 3D seismic survey by 31 December 2011 to allow the suspension application to be submitted. The Disclosure Material informs that the proposed seismic contract was pre-empted by another operator and did not proceed.

**Joint Operating Agreement dated 27 July 2012 (copy sighted was dated and duly executed by both parties)**

Between: Trident Energy Limited; and  
Loyz Oil Australia Pty Ltd

Dealing was approved on 12 September 2012 and registered on 29 October 2012.

**Material provisions:**

**Main condition precedent (Art 2.3):** execution and delivery of a Cross Security Deed.

**Voting rights: (Art 5.5):** during the farmin stage: Loyz 51% / Trident 49%, otherwise each party votes in accordance with its respective percentage share from time to time.

All decisions of the Operating Committee are determined by majority vote determined by the "Passmark" less than clearly defined as the simple majority of

Participants plus at least two Participants voting in favour if there are more than two Participants.

Certain specified decisions require unanimity; e.g. surrender of the whole or part of the Permit Area and suspension, closure or termination of Joint Operations.

**Remuneration of Operator (Art 6.3):** each Participant must pay its percentage share of the Operator Charge as part of each cash call; Operator Charge is specified in the Accounting Procedure (Schedule 3) as an overhead fee to recover Operator's indirect and administration costs. The overhead fee is a flat fee of 5% of expenditures incurred in accordance with all AFEs recorded in the Joint Account. It is noted that this is unusual, at least in the Australian context, where Operator's indirect costs recovery is usually on the basis of sliding scale fee structure. A rate of 5% might be applicable to exploration and appraisal expenditures for instance whereas development costs may be at the low end of the scale at 1%.

**Operator's limited liability (Art 6.5):** Operator is not liable to the Participants even if the loss arises from its negligence, except in the event of its fraud or wilful misconduct.

Operator is similarly fully indemnified by the Participants except in the event of the fraud or wilful misconduct of Operator, its directors, employees and agents, and Operator indemnifies the Participants against such loss.

**Cross Security and Deed of Covenant (Art 11):** all Participants must enter into the Deed of Cross Security to secure payment of cash calls and to secure payment to each Participant of any amount due and payable to it under the Joint Operating Agreement.

**Limited Rights of Withdrawal (Art 12.2):** a non-defaulting Participant can withdraw from the joint operating agreement and the Permit as of the end of the Permit Year if: (i) the minimum work obligations for the first three years of the Permit term have been completed; (ii) the minimum work obligations for the current Permit year have been completed and (iii) if there is a delay in undertaking and completing an approved development plan for a period of six months from the date of practical completion.

The withdrawing Participant must provide abandonment security.

**Sole Risk Provisions (Art 13):** not in international standard (AIPN) terms but nevertheless workable. At any time after 12 months from Commencement Date any Participant may propose to undertake a Sole Risk Operation; the Operating Committee then decides whether to carry out that operation as a Joint Operation. If the decision is not to, the Sole Risk Operation can proceed in the determined Sole Risk Area.

**Buy-back provisions (Art 13.6):** each non-Sole Risk Participant can buy-back and purchase its percentage interest share of the Sole Risk Operation. Premiums are: exploration well 700%; appraisal well 500% and development well 400%.

**Assignment (Art 14):** no consent is required but all Participants have rights of pre-emption if a Participant receives an offer to purchase or to farm to its interest, other than from an affiliate or a related entity.

**Assignment on Change of Control:** The change of control of a Participant requires prior written consent of the other Participants, otherwise there are no rights of pre-emption on change of control. Change of Control is defined as excluding change of ownership resulting solely from that Participant or its holding company becoming listed on a recognised stock exchange.

**Default (Art 15):** default for non-payment of a joint operating agreement obligation is remedied by: (i) Sale Proceeds Default Remedy; (ii) Buy-out Default Remedy and (iii) Enforcement of Cross Security Default Remedy.

**Dispute Resolution (Art 19):** Participants must comply with the agreed dispute resolution process comprising executive negotiation and mediation, before resorting to litigation.

**Cross Security Deed dated 27 July 2012** (copy sighted was dated and duly executed by both parties)

Between: Trident Energy Limited; and  
Loyz Oil Australia Pty Ltd

Dealing was approved on 12 September 2012 and registered on 29 October 2012.

Each Participant's obligations under the joint operating agreement are secured by:

- i) granting a security interest in personal property in accordance with the Personal Properties Securities Act; and
- ii) granting a fixed charge over other property.

Security under the Deed has priority over all subsequent securities.

**Transfer of Title dated 14 February 2012** (copy sighted was dated and duly executed by both parties)

Between: Trident Energy Limited; and  
Loyz Oil Australia Pty Ltd

Dealing was approved and registered on 5 April 2012.

Records the transfer of 20% participating interest in the Permit from Trident to Loyz.

**Letter covering Application to Renew from Trident Energy Limited to National Offshore Title Administrator (NOPTA) dated 10 March 2014.**

Refers to Exploration Permit VIC/P62, Torquay Sub-basin, Application for Renewal and 50% Relinquishment.

Letter is signed by both Trident and Loyz Oil Australia Pty Ltd.

Letter states that, subsequent to the granted extension of Year 6 of the Permit term, the 3D seismic acquisition has been processed and interpreted in accordance with the work program.

Letter confirms that Loyz has fulfilled its obligations under the Farm In Agreement and that documents in accordance with the NOPTA procedures will be forwarded recording the increase of Loyz' interest to 70% and decrease of Trident's interest to 30%.

The Application seeks to renew the Permit for a further 5 years; first 3 years as primary obligations including drilling one well in Year 3 for \$35 million and Years 4 and 5 as secondary obligations, including acquisition, processing and

interpretation of minimum of 140 km<sup>2</sup> of marine 3D seismic for \$4 million in Year 4 and drilling one exploration well for \$32 million in Year 5. The Application offers to relinquish 50% of the original Permit area, mainly from the western and southern portions of the Permit.

**Letter Agreement** dated 2 May 2014 between Loyz Oil Australia Pty Ltd and Trident Energy Limited under K&L Gates letterhead (dated and signed by both Participants)

Reference: Agreement to Amend Farmin Agreement

With respect to notification to NOPTA of change of Participants' interests upon earning by Loyz of its farmin interests, upon execution of the letter and after notification to NOPTA of the increase in Loyz' interests, the Parties' interests are recorded as being:

Trident 30%; and Loyz 70%.

#### 4.2 Onshore Northern Territory – Petroleum Tenement Interests

##### Overview of Legislative structure – Northern Territory

Petroleum exploration and development in onshore areas within the Northern Territory is regulated and administered by the Department of Mines and Energy under the *Petroleum Act (NT)* ("Petroleum Act (NT)"). Other relevant legislation which may also impact upon exploration operations includes the *Commonwealth Native Title Act 1993* ("NTA") and the *Aboriginal Land Rights (NT) Act 1976* ("ALRA"). If the application attracts the Right to Negotiate process under the NTA, the relevant procedures under that Act must be complied with. For applications in areas of Aboriginal Freehold Land, procedures under the ALRA apply.

##### Exploration Permits

A person may apply for a petroleum exploration permit over any onshore area not already under permit. Upon receipt of an application for a permit, notice of the application is advertised by the Minister. Objections to the grant of an exploration permit may be lodged in response to such a notice. An exploration permit remains in force for five years commencing on the day on which it was granted or last renewed. An exploration permit may be granted or renewed subject to such conditions as the Minister thinks fit and specifies in the permit document, but a permit cannot be renewed more than twice. Each time a permit is renewed the area covered by the permit is reduced by half. An exploration permit, while it remains in force, gives the permittee the exclusive right to explore for petroleum, and to carry on such operations and execute such works as are necessary for that purpose, in the exploration permit area.

##### Retention Licence

Where a permit holder has, by drilling operations in the permittee's exploration permit area, established the presence of petroleum of potential commercial quantity and quality, the permittee may apply for a retention licence. A retention licence remains in force for a period of five years commencing on the date on which it was granted or renewed, and each renewal, other than the first renewal, is subject to the Minister's discretion. In the case of the first renewal, if the Minister is not satisfied that circumstances exist that justify the renewal of the licence, the Minister can refuse to

renew the licence. A retention licence gives the retention licensee the exclusive right to carry on in the licence area such geological, geophysical and geochemical programs and other operations and works, including appraisal drilling, as are reasonably necessary to evaluate the development potential of the petroleum believed to be present in the licence area.

#### **Production Licence**

A permit holder or retention licensee may apply for a production licence in relation to the whole or part of his or her exploration permit or licence area. A production licence remains in force for either 21 or 25 years as determined by the Minister, commencing on the date on which it was granted or the date on which it was last renewed. A production licence may be granted subject to such conditions as the Minister thinks fit and specifies in the licence document. A production licence gives the production licensee the exclusive right to explore for petroleum and recover it from the licence area and to carry out such operations and execute such works in the licence area as are necessary for the exploration for and recovery of petroleum.

Pursuant to the Petroleum Act (NT), a register is maintained of petroleum title interests. Under Section 91, the Registrar enters in the register a memorial in relation to each exploration permit and licence. A legal or equitable interest in or affecting an existing or future exploration or licence is not capable of being created, assigned, affected or dealt with, whether directly or indirectly, except by an instrument in writing. An instrument does not create, assign or deal with whether directly or indirectly a legal or equitable interest in an existing or future exploration permit or licence until (a) it has been approved by the Minister; and (b) an entry has been made in the register by the Registrar in accordance with the Act. The Minister may approve or refuse to approve an instrument lodged with him for approval. In order to retain title, conditions of work must be met and annual rental fees paid.

#### **Land Tenure**

The two main categories of land tenure in the Northern Territory, excluding townships, are Aboriginal Freehold Land and Pastoral Leases. When exploring on Pastoral Lease land, exploration licence applications may be subject to the NTA. When exploring on Aboriginal Freehold Land, applications are subject to the ALRA process. Under the ALRA, Land Councils represent the traditional owners. An applicant may only enter into negotiations with a Land Council for consent to the grant of a permit in relation to Aboriginal land after first having lodged an application for the grant of a petroleum exploration permit and receiving the consent of the Minister to enter into negotiations under Section 13 of the Petroleum Act (NT). The consent of the Minister gives the applicant an exclusive right to enter into negotiations with the Land Council.

Under Section 42(13)(a) of the ALRA, the negotiating period is 22 months. During that time the applicant and the Land Council may agree to extend a negotiating period for two years. Before the end of that two year period the applicant and the Land Council may agree to extend the negotiating period for further 12 month periods.

The ALRA sets out procedures in the event that agreement between the parties cannot be reached. If the Land Council refuses consent to the application, no further negotiations will occur in respect of that land for five years, unless, by initiation of the traditional owners, Land Councils may apply to recommence negotiations anytime during that five year period.



When the consent of the Land Council and the Commonwealth Minister has been obtained, copies of executed agreements between the applicant and the Land Council must be provided by the applicant for review by the Northern Territory Minister prior to his determination of the application. At this time the Minister may notify the applicant of his intention to grant a permit, the conditions to which that permit is subject and a date by which formal acceptance of the conditions and the required security must be received.

#### 4.2.1 Petroleum Exploration Permits – under Oilco Pty Ltd

The Disclosure Material shows that Mosman acquired 100% of the Issued share capital of Oilco from Phoenix Oil and Gas Limited in August 2014. As a result of this acquisition, Mosman acquired indirect legal and beneficial interests in the permit EP 156 and permit application EP(A) 155. The acquisition has been recorded in the register of permits maintained by the Department of Mines and Energy by showing Mosman as the agent for Oilco in respect of EP 156.

The Disclosure Material indicates that in 2008, Oilco submitted applications to the Department of Mines and Energy, Northern Territory, for the grant of exploration permits EP(A) 155 and EP(A) 156 pursuant to the provisions of the Petroleum Act (NT). The effective date of the permit applications was 12 May 2008 (EP(A) 155) and 23 May 2008 (EP(A) 156). The latter application was granted to Oilco as EP 156 on 7 November 2011.

The EP(A) 155 and EP 156 areas are located within the Arradeus Basin, Northern Territory. EP(A) 155 is located in the northwest of the Basin and EP 156 is located in the northeast of the Basin.

The Disclosure Material shows that Oilco was registered in Western Australia under the provisions of the *Corporations Act 2001* (Cwth) as an Australian proprietary company limited by shares on 7 May 2008. The basic registration details of Oilco as at 9 January 2015 are as follows:

Name and ACN:	Oilco Pty Ltd ACN 130 979 216
Status:	Registered
Issued Capital:	9,137,605 fully paid ordinary share paid/taken to be paid to \$91,377
Registered Office:	Mosman Oil and Gas Limited, Level 1, 981 Wellington Street, West Perth 6005
Member:	Mosman Oil and Gas Limited ACN 150 287 111
Directors:	John William Barr, Andrew Robert Carroll,
Secretary:	Zane Robert Lewis
Personal Property Securities Register:	No security interest or other interest registered

#### Application for Petroleum Exploration Permit EP(A) 155

The Disclosure Material indicates that Oilco has been in the process of negotiating a land access agreement with the traditional landowners and relevant authorities. The

Disclosure Material also indicates that on 10 December 2010, Oilco received a notice from the Central Land Council dated 9 December 2010 that, pursuant to the provisions of Section 42(1)(b) of the *Aboriginal Land Rights (Northern Territory) Act 1976* (ALRA), on 7 December 2010, the Central Land Council refused to consent to the grant of EP(A) 155.

Oilco, as the original applicant, has five years from the date of that decision in which to liaise with the Land Council and the traditional owners to seek to have the Land Council apply to the Minister under section 48(3)(b) of the ALRA for authority for Oilco to make another application to the Council under Section 41 for consent to grant of the permit.

If the Council applies to the Minister for authority under one of the heads set out in section 48 and such authority is granted, Oilco must re-apply to the Council under section 41 within 90 days after the date that such authority is granted. If no such application is made by the Council within the five year period, Oilco may re-apply to the Council under section 41 for the same area of land or for a smaller area of the same land as an exploration permit for petroleum.

Oilco must lodge such re-application for consent to the grant of the permit with the Council within 30 days after the expiry of the fifth anniversary of the date on which the refusal decision was made (i.e. 7 December 2015).

No other person is entitled to apply for an exploration permit for petroleum over the same land within the five year period and the re-application period unless Oilco:

- (a) fails to re-apply within the 90 day period;
- (b) is wound up and has not previously assigned its rights under section 48;
- (c) fails to re-apply within the 30 day re-application period; or
- (d) notifies the Minister that it does not intend to re-apply for the permit.

If Oilco maintains its application for the permit, Mosman will continue to have an interest in the application whilst it holds shares in that company.

The Disclosure Material does not indicate that there has been any change in Oilco's interest in this application for a permit.

#### **Petroleum Exploration Permit (EP) 156**

The Disclosure Material shows that as at 25 January 2015:

- (a) On 7 November 2011, the Department of Mines and Energy granted Oilco petroleum exploration permit EP 156 for a term of 5 years to take effect from 7 November 2011. The original expiry date was 6 November 2016.
- (b) The permit covers an area of 56 5' Blocks.

- (c) On 7 May 2014 the permit conditions with respect to the work program requirements were recorded as having been suspended and the term of the permit extended so that the revised expiry date is 6 November 2017.
- (d) Oilco is recorded as being the 100% holder of the permit, and the contact agent for the permit is shown as being Moaman Oil and Gas Limited.

The current work program comprises:

Permit Year	From	To	Minimum Work Requirements	Estimated Expenditure A\$
Year 3	7/11/14	6/11/15	150km seismic, processing & interpretation	375,000
Year 4	7/11/15	6/11/16	Drill one well	3,000,000
Year 5	7/11/16	6/11/17	Well data processing & interpretation	375,000

**Material contracts:**

**Deed for Exploration 24 September 2014**

Between: Central Land Council ("CLC"); and  
Oilco Pty Ltd

**Material provisions:**

The Aboriginal Owners may pursue customary and traditional activities provided such activity does not unreasonably interfere with the Company's exploration activities or jeopardise the health and safety of Company's personnel, invitees or permitted visitors and the Company must take reasonable steps to minimise any interference by their personnel with the exercise of customary and traditional activities by the Aboriginal Owners (Cl. 2.1).

The Aboriginal Owners agree to the Company accessing and occupying the Permit Area for the purposes of undertaking the exploration activities in accordance with the Agreement (Cl. 2.2).

The Aboriginal Owners acknowledge consent to the grant of the Exploration Permit (including all renewals and substitutions and the grant of a Retention Licence) and all exploration activities undertaken on the Exploration Permit and the CLC covenants not to challenge, nor support any party to challenge the validity of the Exploration Permit (including all renewals and substitutions and the grant of a Retention Licence) by way of lodging an objection on behalf of the Aboriginal Owners (nor support any party to do so) to the renewal or otherwise (Cl. 4).

Information: the Company must promptly provide the CLC with copies of all material applications (including applications for a Retention Licence or the renewal of the

Exploration Permit), submissions and reports made by the Company to the Northern Territory Government under the Petroleum Act; corresponding material responses received by the Company and authorisations granted to the Company and (Cl. 8.1 and 8.3).

Environmental protection and rehabilitation: the Company must design and conduct the exploration activities so as to minimise any adverse effect on the environment (Cl. 9.1) and must comply with any environmental condition attaching to the Exploration Permit and all other applicable laws relating to environmental protection and rehabilitation (Cl. 9.3).

Local Aboriginal employment and training: the Company agrees to engage appropriately qualified local Aboriginal people and assist in training local Aboriginal people to develop their skills (Cl. 10.2).

Work program and reports: the Company must provide a work program to the CLC at least once a year in respect of all exploration activities it proposes to undertake and a sacred site clearance application in respect of the whole or part of the work program (if any) (Cl. 11.1). The Company must not undertake any exploration activity unless the CLC has issued a current Sacred Site Clearance Certificate to the Company in respect of the relevant work program (Cl.11.2).

Sacred site protection: the Company must comply with any direction or condition in relation to the protection of sacred sites, sacred objects or Aboriginal improvements on the Permit Area (Cl. 13.1) and must pay for all of the reasonable costs relating to the repair or restoration of any disturbance to any such sacred site, sacred object or Aboriginal improvement (Cl. 13.5) and damages for the loss of the use or benefit of that Aboriginal improvement (Cl. 13.6).

Compensation: the Company must pay to the CLC a minimum annual payment (Cl. 17.1) and provide to the CLC a statement setting out the Company's exploration costs for the relevant period verifiable against the Company's annual report for the permit to the Northern Territory Government (Cl. 17.2). The Company must also pay to the CLC the excess amount (if any) for any period in which the exploration compensation is greater than the minimum payment calculated as a percentage of certain annual exploration costs (Cl. 17.3). Any such payment to the CLC may be offset against any Mining Withholding Tax payable by the Company under the Agreement (Cl. 17.7).

Assignment of Interest: assignment or transfer by the Company of its interests under the Agreement and the Permit is subject to prior notice to the CLC and where the CLC (acting reasonably) considers the proposed assignee to be a reputable and financially sound person (Cl. 18.1).

Communication: the parties agree that there will be ongoing communication and liaison between them for the purpose of progressing the project and liaison meetings will be from time to time, which will be open to any Aboriginal Owner to attend (Cl. 19).

**Serious default by the Company:** If the Company commits a serious default that is not capable of remedy and fails to pay compensation to the CLC, the CLC can terminate the Agreement (Cl. 23.2).

**Production Licence:** the Company must provide the CLC with at least 40 business days notice of the Company's intention to apply for a Production Licence (Cl. 24.1) whereupon the Parties will enter into negotiations in good faith as to the terms and conditions of a production agreement governing the Company's recovery of petroleum on any part of the Permit Area pursuant to the Production Licence (Cl. 24.2).

#### 4.2.2 Petroleum Exploration Permit – under Trident Energy Limited

##### Petroleum Exploration Permit (EP) 145 Amadeus Basin

The Disclosure Material shows that as at 25 January 2015:

- (a) On 22 August 2014, the Department of Mines and Energy granted Trident petroleum exploration permit EP 145 for a term of 5 years to take effect from 22 August 2014. The expiry date is 21 August 2019.
- (b) The permit covers an area of 12 5' Blocks.
- (c) Trident is recorded as being the 100% holder of the permit, and the contact agent for the permit is shown as being Trident Energy Limited at Suite 2, 337A Lennox Street, Richmond, VIC 3121.

The current work program comprises:

Permit Year	From	To	Minimum Work Requirements	Estimated Expenditure A\$
Year 1	22/08/14	21/08/15	Geological & geophysical studies	160,000
Year 2	22/08/15	21/08/16	Geochemical survey	400,000
Year 3	22/08/16	21/08/17	Acquire 100km 2D seismic processing & interpretation	1,260,000
Year 4	22/08/17	21/08/18	Drill one well	9,500,000
Year 5	22/08/18	21/08/19	Drill one well	10,000,000

**Material contracts:**

**Deed for Exploration dated 9 June 2013**

**Between: Central Land Council; and  
Trident Energy Limited**

**Material provisions:**

The Deed is conditional on the grant by the Mining Minister of the Permit within six months after the date of the Deed (Cl. 3.1).

The CLC agrees with the Company to complete and enter into an agreement for the grant of a Production Licence in accordance with the principles set out in Annexure L (Cl.3.4).

Payments: the Company must make payments to the CLC in accordance with Annexure E as compensation for damage and disturbance caused or likely to be caused to the Permit Area and to the traditional Aboriginal Owners (Cl. 5).

The CLC expenses to be reimbursed by the Company (Cl. 6):

- (a) Administration costs:
  - (i) \$10,000 upon entering into the Deed;
  - (ii) \$3,000 annually (indexed).
- (b) provision of secretarial services to the Liaison Committee (unquantified);
- (c) travel and other expenses of Committee members (unquantified);
- (d) Sacred Site assessment costs (unquantified);
- (e) costs of investigating Company breaches (unquantified);
- (f) CLC's costs in negotiating the Deed, including solicitor fees and environmental and anthropological consultant fees (unquantified).

Work Program (Cl. 8): the Company must provide a work program to the CLC for the CLC's approval.

The Company must maintain at its expense all pre-existing roads used and roads constructed by the Company for the purpose of the Project. (Cl. 9)

The Company must carry out an Environmental Profile of the area of those Work Programs which are likely to cause environmental damage. (Cl.10)

The Company must copy the CLC with all reports and correspondence submitted by the Company to all Government authorities. The Company must also submit an Annual Work Report, including a copy of the annual report to the DME on work carried out in the Permit and a report on the total Exploration Costs expended during the preceding 12 months. (Cl. 20)

Liaison Committee (Cl. 21): The Company must appoint three members (one of which must be the Company's MD) to the Liaison Committee with the CLC and Aboriginal Owners; the first meeting to be held within 6 months of the date of the grant of the Permit and thereafter annually.

**Serious Default by the Company (Cl. 24):** if the Company commits a Serious Default that is not capable of remedy and fails to pay compensation to the CLC, the CLC can terminate the Company's right to carry out Exploration Activities in the Permit Area.

**Security (Cl. 25):** to secure the Company's obligations under the Permit and the Deed until at least 6 months after the expiry of the Permit, within one month after approval of the first Work Program the Company must provide security by way of a letter of credit in the sum of \$50,000; within one month after approval of the second Work Program the Company must provide security by way of a letter of credit in the sum of \$100,000, or such other agreed amount; and within one month after approval of the third Work Program the Company must provide security by way of a letter of credit in the sum of an agreed amount.

**Transfers of Interest (Cl. 27):** transfer by the Company of its interests under the Deed and the Permit are subject to the CLC's prior consent not to be unreasonably withheld where the proposed transferee is a reputable and financially sound person.

**Retention Licence (Cl. 31):** the Company cannot apply for a Retention Licence unless it has first entered into a further agreement with the CLC in similar terms to the Deed.

**Discovery (Cl. 32):** if the Company determines that petroleum which has been discovered within the Permit Area constitutes a commercially exploitable accumulation, the Company must notify the CLC and provide a summary to the CLC of all information forming the basis of the determination. The CLC can nominate a consultant to be given access to the Company's original data and the Company must supply copies to the CLC of all material it submits to the DME establishing a commercially exploitable accumulation. The CLC will have involvement in planning through the Development Review Committee. The reasonable costs and expenses of this Committee must be borne by the Company.

**Production Licence (Cl. 33):** the Company must receive the CLC's consent to the grant of a Production Licence and the Licence will not be granted unless and until the Company enters into a further agreement with the CLC, including terms and conditions in accordance with Annexure L.

**Annexure D (Accounting Procedures):** the term "Exploration Costs" is defined to include a wide range of indirect costs of the Company in operating the Permit, including wages and wage overheads; allowances for depreciation of exploration equipment; costs of repairs of exploration equipment and the costs of all other items of a non-capital nature, as well as direct contractor costs including those expended in aerial surveying.

**Annexure E (Exploration Payment):** the annual Minimum Payment is \$40,000 (Indexed), but annual payments would be the greater of:

- (i) the minimum payment;
- (ii) for Exploration Costs of less than \$2 million, 5% of actual Exploration Costs expended;
- (iii) for Exploration Costs of \$2 – 5 million, the sum of \$100,000 plus 3% of actual Exploration Costs in excess of \$2 million expended;
- (iv) for Exploration Costs of \$5 – 10 million, the sum of \$190,000 plus 1.5% of actual Exploration Costs in excess of \$5 million expended;

- (iv) for Exploration Costs exceeding \$10 million, the sum of \$265,000 plus 0.5% of actual Exploration Costs in excess of \$10 million expended.

The Exploration Payment must be made:

- (i) within 14 days after the date of the Deed, the sum equivalent to the pro-rata Minimum Payment calculated in accordance with the proportion of the calendar year remaining including the month in which the Deed was executed;
- (ii) by 28 February in each following year, the Minimum Payment;
- (iii) by 30 April in each following year the Company must issue an Auditor's Statement showing details of all Exploration Costs and the calculation of the Exploration Payment due for the previous calendar year; where this amount exceeds the Minimum Payment, the Company must pay the difference at the same time as delivering the Auditor's Statement.

Annexure L (Production Agreement Terms): the Royalty payable to the CLC is stipulated to be 4% of the Gross Value at the Wellhead of all Petroleum produced each calendar month in which production occurs, where the minimum payment is \$40,000 per year, but if the minimum payment exceeds the actual royalty otherwise payable at the 4% rate, the difference is progressively credited back out of future royalty payments. Royalty payments during periods when a petroleum production field is shut-in are \$15,000 for the first year and \$10,000 for each subsequent year.

#### 4.3 Onshore Western Australia – Petroleum Tenement Interests

##### Overview of Legislative structure – Western Australia

Petroleum exploration and development in onshore areas within Western Australia is regulated and administered by the Department of Mines and Petroleum under the *Petroleum and Geothermal Energy Resources Act 1967* ("PGERA67"). Other relevant legislation which may also impact upon onshore exploration operations in Western Australia includes the *Commonwealth Native Title Act 1993* ("NTA"); the *Aboriginal & Torres Strait Islander Heritage Protection Act 1994*; the *State Aboriginal Affairs Planning Authority Act 1972* and *Aboriginal Heritage Act 1972*.

##### Petroleum Exploration Permit

The main title for exploration under the PGERA67 is the Petroleum Exploration Permit. Permits are made available through a periodic release of vacant acreage in a work program-based competitive bid process. The exception to the periodic release process is an application for Special Prospecting Authority. Petroleum Exploration Permits are awarded to those applicants who will undertake the fullest assessment of an area's petroleum potential, in accordance with sound resource management principles, having regard to safety and the environment. Following discovery of a petroleum resource, the successful explorer will apply for rights, such as the right to produce the resource and to construct pipelines or other infrastructure. The maximum area that can be held under a single permit is 400 graticular blocks. An exploration permit remains in force for six years commencing on the day on which it was granted and can only be renewed for two further periods of five years, with 50 per cent relinquishment of the area at the end of each term (for a total of 16 years). An exploration permit may be granted or renewed subject to such conditions as the Minister thinks fit and specifies in the permit document. An exploration permit, while it



remains in force, gives the permittee the exclusive right to explore for petroleum, and to carry on such operations and execute such works as are necessary for that purpose, in the exploration permit area. Permits are granted subject to specific minimum work commitments that must be met each year (or earlier) and permittees must complete the first two years guaranteed work program before the permit can be surrendered.

#### **Special Prospecting Authority**

Special Prospecting Authorities with an Acreage Option (SPA/O) titles are granted for the purpose of enabling geophysical or geochemical surveys (or other operational activities other than drilling a well) to be undertaken in areas not currently under title, the subject of competing applications, or identified by DMP for a future Acreage Release. They are intended as a means of preliminary assessment of the prospectivity of areas where little or no exploration has been undertaken prior to a more permanent exploration title being applied for. These authorities are restricted in time to a maximum of six months for the field work and generally a further six months to enable the option to be exercised. Drilling cannot be undertaken under an SPA/O title.

#### **Petroleum Drilling Reservation**

Petroleum exploration can also be carried out under a Drilling Reservation. A Drilling Reservation is a prospect-size title granted under the PGERA67 that allows drilling and other exploratory operations, such as seismic surveying, in support of the drilling operation. Drilling Reservations are granted for a period of up to three years.

#### **Retention Lease**

Retention Leases are awarded for non-commercial petroleum discoveries. The applicant must demonstrate that the resource is not currently commercially viable, but is likely to become so within the next 15 years. The initial term of a Retention Lease is five years and it may be renewed provided it still meets the non-commerciality criteria. When the discovery is deemed to be commercial, the Retention Lease must be converted to a Production Licence. At any time during the five-year term of the lease, the Government can request a review of the commercial viability of the field.

#### **Production Licence**

Where a commercial discovery is made, and the Minister is satisfied that the area specified in the application contains petroleum, the permittee or lessee has the right to apply for and be granted a Production Licence over that area. A Production Licence remains in force indefinitely. A Production Licence provides the title holder with an exclusive right to carry out operations (e.g. drilling of development wells and installation of production infrastructure) for the recovery of petroleum within the licence area in accordance with an approved Field Development Plan and individual activity work approvals.

Pursuant to the PGERA67, a register is maintained of petroleum title interests. Under the PGERA67, the Registrar enters in the register a memorial in relation to each exploration permit and licence. A legal or equitable interest in or affecting an existing or future exploration or licence is not capable of being created, assigned, affected or dealt with, whether directly or indirectly, except by an instrument in writing. An instrument does not create, assign or deal with whether directly or indirectly a legal or equitable interest in an existing or future exploration permit or licence until (a) it has

been approved by the Minister; and (b) an entry has been made in the register by the Registrar in accordance with the Act. The Minister may approve or refuse to approve an instrument lodged with him for approval. In order to retain title, conditions of work must be met and annual rental fees paid.

#### 4.3.1 Petroleum Exploration Permit (EP) 478 Onshore Canning Basin, Western Australia

Under the FarmIn Agreement dated 14 September 2012 Trident agreed to farmIn to EP 478.

An online public enquiry was carried out on 25 January 2015 on the Government of Western Australia website, Petroleum & Geothermal Register.

Classification: Live

Status: Active

Originally issued: 28 April 2011

Original Expiry Date: 31 December 2014

New Expiry Date: 31 January 2017

Registered Holders:

Buru Energy (Acacia) Pty Ltd ACN 063 635 325; and

Buru Energy Limited ACN 130 651 437

Area: 1,768.9 km<sup>2</sup> or 22 Blocks

A Suspension of Work Commitment and Extension of Term was granted on 8 December 2011, whereby the term was extended for 13 months from 31 December 2014 to 31 January 2016.

A further Suspension and Variation of Work Program was granted on 7 November 2013 whereby the Year 2 work program was suspended for 12 months from 31 January 2014 to 31 January 2015 and the work program conditions for Years 2, 3 and 4 were varied.

A further Suspension of Work Program was granted on 11 December 2014, to:

- (i) suspend the conditions requiring the completion of the Year 4 program for 12 months from 31 January 2016 to 31 January 2017; and
- (ii) extend the term of the permit for 12 months from 31 January 2016 to 31 January 2017.

The current work program approved 11 December 2014 comprises:

(Balance of) Year 2 ending 31 January 2015: Aerogravity (1,800 km)	\$300,000
Year 3 ending 31 January 2015: Geological & Geophysical studies	\$75,000
New 2D seismic (125 Km)	\$1,250,000
Year 4 ending 31 January 2017: Geological & Geophysical studies	\$75,000
One exploration well	\$3,000,000

Further applications to:

- (i) suspend the work program; and
- (ii) vary the work program,

were lodged by Buru Energy Limited on 18 and 19 December 2014 respectively; the application to suspend was granted on 21 January 2015 and the variation application is pending.

**Material contracts:**

**Farmin Agreement dated 14 September 2012 approved 2 October 2012 and registered 16 October 2012:**

**Between:** Trident Energy Limited  
Buru Energy Limited ("Buru"); and  
Buru Energy (Acacia) Pty Ltd ("Buru Acacia")

**Prior agreements that have bearing:**

Letter agreement between Trident and New Standard Energy Limited ("NSE") dated 27 February 2009 regarding the Application Areas (Applic 30/07-8 and Applic 10/08-9), which was assigned by NSE to Buru Acacia and terminated under clause 3.1 of this Farmin Agreement.

Trident EP 442(A) Agreement; a letter agreement between Trident and NSE dated 27 February 2009 and a further letter agreement between those parties dated 16 March 2009, both assigned by NSE to Buru Acacia and terminated under clause 3.2 of this Farmin Agreement.

Trident's rights to farmin to the area of EP 442(A) are set out in clause 4 of this Farmin Agreement.

EP 442 means the Permit granted on 23 September 2005 to NSE and acquired by Buru excluding the area the subject of the EP 442(A) Application upon the grant of EP 442(A).

EP 442(A) Application means the application to be lodged by Buru and Buru Acacia in respect of that part of EP 442 which is subject to the Trident Farmin Right.

Trident's Farmin Right comprises Trident's entitlement to earn 17.5% by electing to participate in the well to be nominated by Buru to be included in a Work Program and drilled during 2011 (the "Nominated Well") by paying 25% of the costs of that well.

If Trident elects not to participate in the Nominated Well and the well is a discovery, Trident earns 7.5% in the Permit and the Farmin Agreement terminates. If the well is not a commercial discovery, Trident does not earn any interest in the permit and the Farmin Agreement terminates.

If Buru does not nominate the Nominated Well, Trident has the right to earn 17.5% by electing to participate in the well scheduled to be drilled during 2012 (subject to suspension and extension of the permit work program) as part of the minimum work program for the permit (the "MVP Well") by paying 25% of the costs of that well.

If Trident does not participate in the MVP Well the Farmin Agreement terminates, and it is implied but not clearly stated that in that case Trident will retain no interest in the permit.

**Dealing Summary of Deed of Assignment and Assumption dated 9 December 2011; approved 2 October 2012 and registered 4 December 2012**

**Between:** Buru Energy Limited;  
Diamond Resources (Canning) Pty Ltd ABN 73 145 113;  
Buru Energy (Acacia) Pty Ltd; and  
Trident Energy Limited

Buru and Buru (Acacia) assign 50% of their combined interest to Diamond Resources upon the Assignment Date;  
 The Assignment Date is the date on which Trident earns an interest under the Trident Farming Agreement dated 14 September [2010] or its rights under that Agreement expire. A copy of the full agreement was not available for this Report.

**Dealing Summary of Joint Operating Agreement dated 18 November 2011;**  
 approved 2 October 2012 and registered 16 October 2012

Between: Trident Energy Limited;  
 Buru Energy Limited; and  
 Buru Energy (Acacia) Pty Ltd

Defines the respective rights and obligations of Trident, Buru and Buru Acacia and establishes Buru as the Operator of the Permit and the other rights and obligations between the Parties in respect of the Permit. A copy of the full agreement was not available for this Report.

**Dealing Summary of Acacia Option Agreement dated 1 November 2013;**  
 approved on 23 April 2014 and registered on 21 May 2014

Between: Apache Onshore Holdings Pty Ltd ABN 39 130 390 420  
 Apache Energy Limited ABN 39 009 301 964  
 Buru Energy Limited;  
 Buru Energy (Acacia) Pty Ltd; and  
 Diamond Resources (Canning) Pty Ltd

Buru Acacia and DRC granted Apache Onshore an option to take up to 40% interest in EP 478 and under the Joint Operating Agreement, subject to the exercise by Trident of its pre-emptive rights under the Joint Operating Agreement. A copy of the full agreement was not available for this Report.

**Letter from Buru Energy to Trident dated 2 December 2013**

Reference to EP 478

Noted that deferral of the well commitment was approved by the Department. Stated Buru's intention to farmout EP 478 to Apache and requested that Trident consents and waives its pre-emptive right. If Trident waives its pre-emptive right Apache must exercise the option by 30 September 2014. If Apache did exercise its option Buru Acacia would assign 33% interest to Apache and 24.75% interest to DRC.

#### **4.3.2 Application for Petroleum Exploration Permit (STP-EPA-0071) Onshore Officer Basin, Western Australia**

The Disclosure Material shows that, through Petroleum Portfolio Pty Ltd ("PPPL"), Mosman acquired 25% of the issued share capital of Australian Petroleum Portfolio Pty Ltd ("APPPL"), the preferred applicant for Exploration Permit STP-EPA-0071.

The Disclosure Material shows that PPPL was registered in New South Wales under the provisions of the *Corporations Act 2001 (Cwth)* as an Australian proprietary company limited by shares on 18 June 2012. The basic registration details of PPPL as at 26 January 2015 are as follows:

<b>Name and ACN:</b>	<b>Petroleum Portfolio Pty Limited ACN 159 032 881</b>
<b>Status:</b>	<b>Registered</b>
<b>Issued Capital:</b>	<b>One fully paid ordinary share paid/taken to be paid to \$1.00</b>
<b>Registered Office:</b>	<b>Level 6, 379 Kent Street, Sydney NSW 2000</b>
<b>Member:</b>	<b>Mosman Oil and Gas Limited</b>
<b>Director:</b>	<b>Andrew Robert Carroll</b>
<b>Secretaries:</b>	<b>Andrew Robert Carroll, Zane Robert Lewis</b>
<b>Personal Property Securities Register:</b>	<b>No security interest or other interest registered</b>

The Disclosure Material shows that APPPL was registered in New South Wales under the provisions of the *Corporations Act 2001* (Cwth) as an Australian proprietary company limited by shares on 13 February 2008. The basic registration details of APPPL as at 12 January 2015 are as follows:

<b>Name and ACN:</b>	<b>Australian Petroleum Portfolio Pty Limited ACN 135 371 738</b>
<b>Status:</b>	<b>Registered</b>
<b>Issued Capital:</b>	<b>16 fully paid ordinary share paid/taken to be paid to \$4.00</b>
<b>Registered Office:</b>	<b>Talbots Chartered Accountants, Level 6, 379 Kent Street, Sydney NSW 2000</b>
<b>Members:</b>	<b>Andrew Robert Carroll Palatine Energy Pty Limited Petroleum Portfolio Pty Limited</b>
<b>Directors:</b>	<b>Andrew Robert Carroll, David Falvey</b>
<b>Secretary:</b>	<b>Andrew Robert Carroll, Zane Robert Lewis</b>
<b>Personal Property Securities Register:</b>	<b>No security interest or other interest registered</b>

**Application for Petroleum Exploration Permit STP-EPA-0071**  
An online public enquiry was carried out on 13 January 2015 on the Government of Western Australia website, Petroleum & Geothermal Register.

Application reference: 1/11-12  
Date lodged: 2 November 2012  
Lodged by: Australian Petroleum Portfolio Pty Limited  
Application stage: Assessment  
Referred to: Native Title Procedures on 24 April 2013

## 5. New Zealand Tenement Interests

A summary of the New Zealand Tenement Interests held by Mosman based on information contained in the Disclosure Material is set out in Annexure B. Further information about the exploration permits in which Mosman holds interests is set out in Annexure C.

### Overview of Legislative Regime for Petroleum

The *Crown Minerals Act 1991* (the "CMA") sets out the broad legislative framework for the exploration and production of petroleum within New Zealand. The details of how the CMA is administered and applied are set out in the Petroleum Programme. The current Petroleum Programme took effect on 24 May 2013.

The Petroleum Programme sets out the policies and procedures followed for the allocation of mineral resources, while the requirements to be met by permit holders are defined in the regulations. The relevant regulations for petroleum permit holders are the *Crown Minerals (Petroleum) Regulations 2007*, the *Crown Minerals (Petroleum Fees) Regulations 2006* and the *Crown Minerals (Royalties for Petroleum) Regulations 2013*. The *Crown Minerals (Royalties for Petroleum) Regulations 2013* set out rates and provisions for the payment of royalties on petroleum production from initial permits granted after 24 May 2013. The royalty terms and conditions for permits granted before 24 May 2013, and any subsequent permits to those existing permits, is determined by the relevant minerals programme for petroleum.

New Zealand's royalty regime stipulates the payment of either an *ad valorem* royalty (AVR) or an accounting profits royalty (APR), depending on whichever is the greater in any given year. The holder of a mining permit must pay the higher of—

- (a) an AVR of 5% of the net sales revenues of the petroleum obtained under the permit; and
- (b) an APR of 20% of the accounting profits, or provisional accounting profits, as the case may be, of the petroleum obtained under the permit.

New Zealand Petroleum and Minerals ("NZP&M") is the government organisation responsible for managing and administering the Crown's petroleum estate and its involvement in petroleum exploration and production in New Zealand.

The CMA provides for three types of permits: for prospecting, exploration and mining.

### Petroleum Prospecting Permit

Petroleum Prospecting Permit (PPP) titles are granted for the purpose of identifying land likely to contain petroleum deposits or occurrences. They enable the conduct of a range of exploration activities, including geological, geophysical and geochemical surveys (or other operational activities other than drilling a well) to be undertaken in areas not currently under title, on either an exclusive or a non-exclusive basis. They are intended as a means of preliminary assessment of the prospectivity of areas where little or no exploration has been undertaken prior to a more permanent exploration title being applied for. Exclusive PPPs are normally granted for a maximum term of two years but holders of PPPs do not have exclusive rights to obtain petroleum exploration or mining permits over the area of a PPP.

**Petroleum Exploration Permit**

The main title for exploration under the CMA is the Petroleum Exploration Permit (PEP). Permits are made available through a periodic (usually annual) release of vacant acreage in a competitive bid process known as a Petroleum Exploration Permit Round. Two methods of competitive allocation are used: (i) cash bonus bidding and (ii) staged work programme bidding, with the latter allocation method the most commonly used. Permits can have terms of up to 15 years depending on whether they are onshore or offshore, and the duration of a PEP may only be extended for appraisal operations. Onshore PEPs are usually granted for shorter durations of up to 10 years and appraisal extensions restricted to areas of a PEP relating to a discovery may be granted for two successive terms each of up to 4 years.

The holder of a PEP has an exclusive right to apply for and to be granted a mining permit where the holder has discovered petroleum and proposes a satisfactory work programme to mine that discovery.

**Petroleum Mining Permit**

If the Minister is satisfied, upon receiving an application for a petroleum mining permit (PMP) by the holder of a PEP, that a petroleum field has been discovered as a result of activities authorised by the PEP, the holder of that permit will be granted a PMP in exchange for the surrendered permit area. The term of a PMP is determined by the Minister in consultation with the permit applicant taking into account (i) the estimated reserves of the field; (ii) the planned production programme; (iii) potential for enhanced production, and (iv) allowance to conclude mining activities, decommission operations and rehabilitate the site. The maximum allowable duration is 40 years, subject to the granting of an extension if the holder satisfies the Minister that the field cannot be economically depleted before the permit expiry date.

**5.1 Petroleum Exploration Permit, West Coast Basin, South Island**

The Disclosure Material shows that, through its wholly-owned subsidiary Petroleum Creek Limited ("PCL"), Mosman acquired 100% legal and beneficial interest in PEP 38526 under a Farm In Agreement with Aorere Resources Limited dated 8 July 2013. The Disclosure Material shows that the Farm In Agreement was approved under the CMA on 12 December 2013 and the transfer of full ownership of the Permit and operatorship was similarly approved on 12 December 2013.

The Disclosure Material shows that PCL was incorporated in New Zealand under the provisions of the *Companies Act 1993* (NZ) as a NZ Limited Company on 9 May 2013 and continues to be registered. The basic registration details of PCL as at 13 January 2015 are as follows:

Name and Company Number:	Petroleum Creek Limited 4433120
NZ Business Number:	NZBN: 9429030237124
Status:	Registered

Issued Capital:	16,666 fully paid ordinary shares
Shareholder:	Mosman Oil and Gas Limited ACN 150 287 111
Registered Office:	86 Ingills Road, RD3, Rangiora 7473, NZ
Directors:	John William Barr, Andrew Robert Carroll, Graeme Kernet Alexander
Personal Property Securities Register:	Financing Statement Registration number FX3N6229T08U99E1 dated 17 April 2014 in respect of (Collateral Type) all present and after acquired property in favour of Mosman Oil and Gas Limited

#### 5.1.1 Petroleum Exploration Permit (PEP) 38526

The Disclosure Material from an online search of the Permit Register administered by NZP&M carried out on 25 January 2015 provides the following information in respect of PEP 38526.

Initial grant/commencement date: 5 September 2007

Current expiry date: 4 September 2017

Status: Granted

Royalty regime: 2005

Area: 143.6 sqkm

Operation Name: Kotuku

Titleholder: Petroleum Creek Limited (100%)

Operator: Petroleum Creek Limited

The most recent title endorsement was an Application for Change of Conditions lodged on 21 July 2014 and granted 11 August 2014. A new committed stage of the work programme was approved comprising:

Stage 1 (Committed): within 84 months of the commencement date (i.e. by 4 September 2014)

Drill and core two (2) exploration wells to a depth of at least 250m on the Kotuku Dome crest;

Complete CRS stacking processing and interpretation of a minimum of 4km of 2D seismic data; and

Geochemical analysis of core from the exploration well.



Stage 2 (Committed): within 96 months of the commencement date (i.e. by 4 September 2015)

Acquire and process and minimum of 40km of seismic data; and  
Integrate the data obtained with existing data to update the geological model and prospectivity of the permit area; and  
Either notify the Chief Executive of NZP&M of the holder's commitment to carry out the next (contingent) stage of the work programme or surrender the permit.

## 6.2 Petroleum Exploration Permits, West Coast Basin, South Island

The Disclosure Material shows that, through its wholly-owned subsidiary Mosman Oil & Gas (NZ) Limited ("MNZ"), Mosman was granted PEP 57067 on 9 December 2014.

The Disclosure Material shows that MNZ was incorporated in New Zealand under the provisions of the *Companies Act 1993* (NZ) as a NZ Limited Company on 10 October 2013 and continues to be registered. The basic registration details of MNZ as at 13 January 2015 are as follows:

Name and Company Number:	Mosman Oil & Gas (NZ) Limited 4671199
NZ Business Number:	NZBN: 9429030045248
Status:	Registered
Issued Capital:	10,000 fully paid ordinary shares
Shareholder:	Mosman Oil and Gas Limited ACN 150 287 111
Registered Office:	66 Ingls Road, RD3, Rangiora 7473, NZ
Directors:	John William Barr, Andrew Robert Carroll, Graeme Kemet Alexander
Personal Property Securities Register:	No financing statement was found in respect of all collateral types

### 6.2.1 Petroleum Exploration Permit (PEP) 57067

The Disclosure Material from an online search of the Permit Register administered by NZP&M carried out on 13 January 2015 provides the following information in respect of PEP 57067.

Initial grant/commencement date: 9 December 2014/1 April 2015

Current expiry date: 31 March 2025

Status: Granted

**Royalty regime: 2013**

**Area: 989.991 sqkm**

**Operation Name: Taramakau**

**Titleholder: Mosman Oil & Gas (NZ) Limited (100%)**

**Operator: Mosman Oil & Gas (NZ) Limited**

**Stage 1 of the committed work programme comprises:**

1. **Within 12 months of the commencement date (i.e. by 31 March 2016)**  
Undertake a technical review of all prior data;  
Undertake a source rock analysis/VIRF of existing oil samples and geochemical stratigraphic study of core and cuttings from prior wells and surface rock sampling;  
Acquire 30km of 2D seismic data; and  
Integrate new seismic data with existing seismic data.
2. **Within 24 months of the commencement date (i.e. by 31 March 2017)**  
Drill one exploration well to an objective and/or depth approved by the chief executive (of NZP&M).
3. **Within 36 months of the commencement date (i.e. by 31 March 2018)**  
Drill one exploration well to an objective and/or depth approved by the Chief Executive (of NZP&M); and  
Either notify the Chief Executive of the holder's commitment to carry out the next (contingent) stage of the work programme or surrender the permit.

#### **5.2.2 Petroleum Exploration Permit (PEP) 57068**

The Disclosure Material shows that, through its wholly-owned subsidiary Mosman Oil & Gas (NZ) Limited ("MNZ"), Mosman was granted PEP 57068 on 9 December 2014.

The Disclosure Material from an online search of the Permit Register administered by NZP&M carried out on 13 January 2015 provides the following information in respect of PEP 57068.

**Initial grant/commencement date: 9 December 2014/1 April 2015**

**Current expiry date: 31 March 2025**

**Status: Granted**

**Royalty regime: 2013**

**Area: 516.724 sqkm**

**Operation Name:** Murchison

**Titleholder:** Mosman Oil & Gas (NZ) Limited (100%)

**Operator:** Mosman Oil & Gas (NZ) Limited

**Stage 1 of the committed work programme comprises:**

1. **Within 24 months of the commencement date (i.e. by 31 March 2017)**  
Acquire a regional gravity and magnetic survey over permit;  
Undertake programme of field mapping and establish comprehensive geological database of the basin;  
Acquire 10km of 2D seismic data; and  
Integrate new seismic data with existing seismic data; and  
Drill one exploration well to an objective and/or depth approved by the chief executive (of NZP&M).
2. **Within 36 months of the commencement date (i.e. by 31 March 2018)**  
Drill one exploration well to an objective and/or depth approved by the Chief Executive (of NZP&M); and  
Either notify the Chief Executive of the holder's commitment to carry out the next (contingent) stage of the work programme or surrender the permit.

### **5.3 Petroleum Exploration Permit (PEP) 57058, East Coast Basin, North Island**

The Disclosure Material shows that, through its wholly-owned subsidiary Mosman Oil & Gas (NZ) Limited ("MNZ"), Mosman was granted PEP 57058 on 9 December 2014.

The Disclosure Material from an online search of the Permit Register administered by NZP&M carried out on 25 January 2015 provides the following information in respect of PEP 57058.

**Initial grant/commencement date:** 9 December 2014/1 April 2015

**Current expiry date:** 31 March 2025

**Status:** Granted

**Royalty regime:** 2013

**Area:** 862,938 sqkm

**Titleholder:** Mosman Oil & Gas (NZ) Limited (100%)

**Operator:** Mosman Oil & Gas (NZ) Limited

**Stage 1 of the committed work programme comprises:**

1. **Within 24 months of the commencement date (i.e. by 31 March 2017)**

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Acquire and analyse a regional hydrocarbon geochemical survey from surface core sampling over permit.

2. Within 36 months of the commencement date (i.e. by 31 March 2018)  
Acquire and analyse a regional hydrocarbon geochemical survey from surface core sampling over any area high graded as a result of the previous survey; Complete evaluation of hydrocarbon mapping results from the geochemical surveys and an assessment of the permit's exploration potential; and  
Either notify the Chief Executive of the holder's commitment to carry out the next (contingent) stage of the work programme or surrender the permit.

#### 6. Consent

This Report is provided solely for the benefit of Mosman Oil and Gas Limited and the Directors of Mosman Oil and Gas Limited in connection with the issue of the bidder's statement to be issued by Mosman in relation to the proposed takeover bid by Mosman for all of the ordinary shares in MEO Australia Limited. This Report is not to be relied on or disclosed to any other person or to be used for any other purpose or quoted or referred to in any public document or filed with any Government body or other person without my prior written consent as to the form and context in which the Report or reference appears

Yours faithfully



Graeme K Alexander  
Solicitor

**Annexure A  
Assumptions and Qualifications**

**Assumptions:**

Unless otherwise stated in this Report, I have assumed as follows:

- (a) the genuineness of all signatures, seals and dates and the correct identity and legal capacity and authority of all signatories and corporate officers and the due execution and validity of all documents in accordance with applicable laws;
- (b) the conformity with the originals of all documents and corporate records presented as copies;
- (c) the accuracy and correctness of any statements, representations, or information (whether in written form or verbally provided by public officials and responsible officers of Mosman, and any company with related petroleum interests or any of their respective professional advisors or representatives);
- (d) any document submitted to me continues unamended and is in full force and effect;
- (e) the original documents still exist and have not been varied, cancelled or superseded by some other document or agreement or action of which we are not aware;
- (f) all documents constitute valid and binding and enforceable obligations of the parties thereto under all applicable laws and were entered into by each party for its benefit;
- (g) the accuracy of all certificates, letters and opinions given by external advisors to the companies with related petroleum interests in relation to its documents or its business;
- (h) all records and other documents inspected by me are genuine, complete, up to date and accurate and no material documents have been withheld from me, whether deliberately or inadvertently;
- (i) all facts stated in the materials on which I have relied in providing this Report are and continue to be correct and no relevant matter was withheld from me, whether deliberately or inadvertently;
- (j) except as otherwise stated, all material information relating to the scope of this Report has been made available to me;
- (k) for each document to which a corporation is a party, that such party had been, and at all relevant times, remained duly incorporated and had at all relevant times the necessary corporate power, all corporate authorisations, and all such authorisations had been validly obtained, to enter into such document, and each such document was validly executed and was entered into for that party's respective corporate benefit and that such party was solvent at the time it entered into such document; and
- (l) all searches conducted on my behalf by the registry of each Government authority are complete and accurate as at the time the searches were conducted.

The making of each of the above assumptions indicates that I have assumed that the subject of each assumption is true, correct and complete in every respect. While I am not aware of any of the assumptions above not being incorrect, I have not made any enquiry to verify any assumption. No assumption is limited by any other assumption.

**Qualifications:**

This report is subject to the following qualifications:

- (a) In relation to any application for the registration of any of Mosman's interests in any exploration permit or title either granted to Mosman or in which Mosman holds an interest, I express no opinion as to whether such application will ultimately be granted, nor the conditions to which such application may be granted or may be granted subject to;
- (b) In relation to any Native Title and Aboriginal Heritage processes referred to in the Report, I have not been asked and do not express an opinion on the impact or significance of such rights or their effect on any of Mosman's royalty rights or other interests of Mosman in any exploration permit or title either granted to Mosman or in which Mosman holds an interest;
- (c) I have not been able to review all documentation to confirm that the chain of title of permit holders establishes that the current titleholders and all previous assignees have properly assumed their respective permit obligations and express no opinion as to whether the title holders have complied with the conditions and their contractual obligations in respect of each of the Tenement Interests acquired by Mosman; and references in the Report to relevant legislation are brief in nature provided for general information purposes only and do not purport to be a detailed or complete summary of the relevant legislation.
- (d)

**Annexure B**  
**Summary of Mosman's Australian and New Zealand Tenement Interests**

Title	Location	Type of Permit	Mosman Interest in Permit
<b>Otway Basin (Offshore Victoria)</b>			
VIC/P62	Otway Basin	Exploration Permit	Participating interests: Trident Energy Limited 30% Loyz Oil Australia Pty Ltd 70%
<b>Amadeus Basin (Onshore Northern Territory)</b>			
EP145	Amadeus Basin	Exploration Permit	Trident Energy Limited 100%
EP(A) 155	Amadeus Basin	(Application for) Exploration Permit	Applicant: Oilco Pty Ltd 100%
EP 156	Amadeus Basin	Exploration Permit	Participating interests: Oilco Pty Ltd 100%
<b>Canning Basin (Onshore Western Australia)</b>			
EP 478	Canning Basin	Exploration Permit	Participating interests: Buru Energy (Acacia) Pty Ltd Buru Energy Limited Contingent farm in Interests: Trident Energy Limited 17.5% Apache Onshore Holdings Pty Ltd 33% Diamond Resources (Canning) Pty Ltd 24.75%

Title	Location	Type of Permit	Mosman Interest In Permit
<b>Officer Basin (Onshore Western Australia)</b>			
Application STP-EPA-0071	Officer Basin	(Application for) Exploration Permit	Applicant: Australian Petroleum Portfolios Pty Limited 100%
<b>West Coast Basin (Onshore South Island, New Zealand)</b>			
PEP 36526	West Coast Basin	Exploration Permit	Participating Interests: Petroleum Creek Limited 100%
PEP 57067	West Coast Basin	Exploration Permit	Participating Interests: Mosman Oil & Gas (NZ) Limited 100%
PEP 57068	West Coast Basin	Exploration Permit	Participating Interests: Mosman Oil & Gas (NZ) Limited 100%
<b>East Coast Basin (Onshore North Island, New Zealand)</b>			
PEP 57058	East Coast Basin	Exploration Permit	Participating Interests: Mosman Oil & Gas (NZ) Limited 100%

This Table is a summary based on information contained in the Disclosure Material and is based on the following assumption that, where applicable all required approvals and registrations with relevant Government Authorities have been effected in relation to the interest in the permit/application for permit acquired by Mosman



**Annexure C****Exploration Permits and Permit Applications in which Mosman holds interests****Otway Basin, Offshore Victoria**

Permit	Date of Grant	Term (years)	Renewed / Extended (term)	Expiry Date	Purpose	Area (km <sup>2</sup> / Blocks)	Basin	Holders
VIC/P62	13/09/05	12/03/14	Term renewed from 10/07/2014	10/07/19	Oil/gas	2,461 / 40 Blocks	Offshore Otway Basin	Trident Energy Limited 30% Loyz Australia Pty Ltd 70%

Reference: National Offshore Petroleum Titles Administrator (NOPTA), National Electronic Approvals Tracking System (NEATS) – 25 January 2015

**Amadeus Basin, Onshore Northern Territory**

Permit	Date of Grant	Term (years)	Renewed / Extended (term)	Expiry Date	Purpose	Area (km <sup>2</sup> / Blocks)	Basin	Holders
EP 145	22/08/14	22/08/14	Not applicable	21/08/19	Oil/gas	12 Blocks	Onshore Amadeus Basin	Trident Energy Limited 100%
EPA155	Under moratorium	Not applicable	Not applicable	Not applicable	Oil/gas	5 Blocks	Onshore Amadeus Basin	Oilco Pty Ltd 100%
EP 156	07/11/11	07/11/11	Not applicable	08/11/17	Oil/gas	56 Blocks	Onshore Amadeus Basin	Oilco Pty Ltd 100%

Reference: Northern Territory, Department of Mines and Energy, STRIKE Tenure and Geoscience Information – 25 January 2015

**Canning Basin, Onshore Western Australia**

Permit	Date of Grant	Original Term (years)	Renewed / Extended (term)	Expiry Date	Purpose	Area (km <sup>2</sup> / Blocks)	Basin	Holders
EP 478	28/04/11	31/12/14	3 years	31/01/17	Oil/gas	1,768.9 / 22 Blocks	Onshore Canning Basin	Buru Energy (Acacia) Pty Ltd Buru Energy Limited

**Officer Basin, Onshore Western Australia**

Permit No	Date Issued	Original Term Only	Renewed / Extended Term	Expiry Date	Purpose	Area (km <sup>2</sup> )	Basin	Holder
STP-EPA-0071	Application Date 02/11/12	Not applicable	Not applicable	Not applicable	Oil/gas	22,527 sq km	Onshore Officer Basin	Australian Petroleum Portfolio Pty Limited

Reference: Western Australia, Department of Mines and Petroleum, Petroleum & Geothermal Register – 25 January 2015

**West Coast Basin, Onshore South Island, New Zealand**

Permit	Date of Grant	Term Only	Renewed / Extended Term	Expiry Date	Purpose	Area (km <sup>2</sup> )	Basin	Holder
PEP 38526	05/09/07	05/09/07	Not applicable	04/09/17	Oil/gas	143.6	Onshore West Coast Basin	Petroleum Creek Limited
PEP 57067	09/12/14	01/04/15	Not applicable	31/03/25	Oil/gas	989.991	Onshore West Coast Basin	Mosman Oil & Gas (NZ) Limited
PEP 57068	09/12/14	01/04/15	Not applicable	31/03/25	Oil/gas	516.724	Onshore West Coast Basin	Mosman Oil & Gas (NZ) Limited

**East Coast Basin, Onshore North Island, New Zealand**

Permit	Date of Grant	Term Only	Renewed / Extended Term	Expiry Date	Purpose	Area (km <sup>2</sup> )	Basin	Holder
PEP 57058	09/12/14	01/04/15	Not applicable	31/03/25	Oil/gas	882.935	Onshore East Coast Basin	Mosman Oil & Gas (NZ) Limited

Reference: New Zealand Petroleum & Minerals, Permit Register – 25 January 2015



**MOSMAN OIL AND GAS**  
LIMITED  
ABN 60 150 287 111

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T 000001 000 MEOHKO  
MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

### Return your Form:

✉ **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne Victoria 3001  
Australia

### For all enquiries:

☎ **Phone:**  
(within Australia) XXXX XXX XXX  
(Outside Australia) +61 3 XXX XXXX

## Acceptance and Transfer Form

ISSUER

**⚠ Your form must be received by the end of the Offer Period.**

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer ("Offer") by Mosman Oil and Gas Limited ACN 150 287 111 ("Mosman") to acquire all of your ordinary shares in MEO Australia Limited ACN 066 447 962 ("MEO") (such shares, "MEO Shares") the terms of which are set out in the Bidder's Statement from Mosman dated 28 January 2015 as replaced or supplemented (the "Bidder's Statement"). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

### Step 1: Registration Name & Offer Details

Your consideration will be issued to the name(s) as they appear on the latest copy of the MEO register, as provided to Mosman. The current address recorded by Mosman is printed above and overleaf. If you have recently bought or sold MEO Shares your holding may differ from that shown. If you have already sold all your MEO Shares, do not complete or return this form.

### Step 2: Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your MEO Shares.

### Step 3: Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders must sign.

**Power of Attorney:** Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

**Companies:** Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary OR a Sole Director (if no Company Secretary exists), OR
- two Directors, OR
- a Director and Secretary.

**Overseas Companies:** Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

**Deceased Estate:** All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.


**Turn over to complete the form** ➡

## Acceptance and Transfer Form

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### STEP 1 Registration Name & Offer Details

 For your security keep your SRN/  
HIN confidential.

Registration Name: MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

Offer Details: Securityholding as at Day Month Year:

2000

By accepting the Offer, you are accepting the Offer for ALL of your MEO Shares as recorded by Mosman as being held by you at the date your acceptance is processed (even if different to the number stated above).

### STEP 2 Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your MEO Shares. The consideration applicable is set out in the terms of the Offer.

### STEP 3 Signature of Securityholder(s) *This section must be completed.*

I/We accept the Offer and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL of my/our MEO Shares as per the above instruction.

Individual or Securityholder 1

Sole Director and Sole Company Secretary/  
Sole Director (cross out titles as applicable)

Securityholder 2

Director

Securityholder 3

Director/Company Secretary  
(cross out titles as applicable)

Contact  
Name \_\_\_\_\_

Contact  
Daytime  
Telephone \_\_\_\_\_

Date / / \_\_\_\_\_

### Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited ("CIS") for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. We may also use your personal information to send you marketing material approved by Mosman Oil and Gas Limited. You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or by emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to Mosman Oil and Gas Limited or to third parties upon direction by Mosman Oil and Gas Limited where related to the administration of your securityholding or as otherwise required or permitted by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com.au>.

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**MOSMAN OIL AND GAS**  
LIMITED

ABN 80 150 287 111

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T 000002 000 MEO7K0  
MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

### Return your Form:



**To Your Controlling Participant:**  
Return this form directly to your  
stockbroker



**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne Victoria 3001  
Australia

### For all enquiries:

Phone:



(Within Australia) xxxx xxx xxx  
(Outside Australia) +61 3 xxxx xxxx

## Acceptance and Transfer Form

**CHESS**

**Your form must be received with sufficient time to allow processing prior to the end of the Offer Period.**

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer ("Offer") by Mosman Oil and Gas Limited ("Mosman") to acquire all of your ordinary shares in MEO Australia Limited ("MEO") ACN (066 447 952) the terms of which are set out in the Bidder's Statement from Mosman dated Day Month Year as replaced or supplemented (the "Bidders Statement"). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.  
Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

### Step 1: Registration Name & Offer Details

Your consideration will be issued to the name(s) as they appear on the latest copy of the MEO register, as provided to Mosman. The current address recorded by Mosman is printed above and overleaf. If you have recently bought or sold MEO Shares your holding may differ from that shown. If you have already sold all your MEO Shares, do not complete or return this form.

### Step 2: Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your MEO Shares.  
As your MEO Shares are in a CHESS holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept the Offer. If you do this, your Controlling Participant will provide you with details as to what they require in order to accept the Offer on your behalf. If you want Mosman to contact your Controlling Participant on your behalf, sign and return this form to the address above so that it is received in sufficient time to allow your instruction to be acted upon by the close of the Offer Period. This will authorise Mosman and Computershare Investor Services Pty Limited ("CIS") to request your Controlling Participant to initiate acceptance of the Offer on your behalf.

By signing this form, you warrant to Mosman (and authorise Mosman to warrant on your behalf) that you have full legal and beneficial ownership of the MEO Shares to which this form relates and that Mosman will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

You should allow sufficient time for your Controlling Participant or Mosman to initiate the acceptance of Mosman's Offer on your behalf. Neither Mosman or CIS will be responsible for any delays incurred by the process of requesting your Controlling Participant to accept the Offer.

### Step 3: Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders must sign.

**Power of Attorney:** Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

**Companies:** Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary OR a Sole Director (if no Company Secretary exists), OR
- Two Directors, OR
- a Director and Secretary.

**Overseas Companies:** Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

**Deceased Estate:** All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

**Turn over to complete the form**

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# Acceptance and Transfer Form

## STEP 1 Registration Name & Offer Details

For your security keep your SRN/HIN confidential.

Registration Name: MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

Controlling Participant Identifier:

Offer Details: Securityholding as at Day Month Year:

2000

By accepting the Offer, you are accepting the Offer for ALL your MEO Shares as recorded by Mosman as being held by you at the date your acceptance is processed (even if different to the number stated above).

## STEP 2 Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your MEO Shares. The consideration applicable is set out in the terms of Mosman's Offer.

## STEP 3 Signature of Securityholder(s) *This section must be completed.*

I/We accept the Offer and I/We agree to be bound by the terms and conditions of the Offer and transfer ALL of my/our MEO Shares as per the above instruction.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

[Signature box 1]

[Signature box 2]

[Signature box 3]

Sole Director and Sole Company Secretary  
Sole Director (cross out titles as applicable)

Director

Director/Company Secretary  
(cross out titles as applicable)

Contact Name

Contact Daytime Telephone

Date / /

### Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited ("CIS") for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. We may also use your personal information to send you marketing material approved by Mosman Oil and Gas Limited. You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or by emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to Mosman Oil and Gas Limited or to third parties upon direction by Mosman Oil and Gas Limited where related to the administration of your securityholding or as otherwise required or permitted by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.

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