



MEO Australia Limited
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18th March 2015

By ASX online platform

Companies Announcement Office
ASX Limited
Level 4
North Tower, Rialto
525 Collins Street
MELBOURNE VIC 3000

Dear Sir / Madam

First Supplementary Target's Statement – Off-market takeover bid by Mosman Oil and Gas Limited

In accordance with section 647(3)(b) of the *Corporations Act 2001* (Cth), we enclose a copy of the first supplementary target's statement dated 18th March 2015 (**First Supplementary Target's Statement**) given by MEO Australia Limited (ABN 43 066 447 952) (**MEO**) in relation to the off-market takeover bid by Mosman Oil & Gas Limited (**Mosman**) for all of the fully paid ordinary shares in MEO.

The First Supplementary Target's Statement has today been lodged with the Australian Securities and Investments Commission and sent to Mosman.

Yours sincerely

Mr Colin Naylor
Company Secretary
MEO Australia Limited

First Supplementary Target's Statement

The Directors of MEO Australia Limited recommend you

REJECT

the takeover offer from
Mosman Oil and Gas Limited

MEO Directors recommend that you **REJECT the Mosman Offer** and **do nothing** in relation to any documents received from **Mosman** for the following reasons:

- Mosman has limited cash and its ability to continue as a going concern is uncertain;
- When announced, the revised Mosman Offer represented a discount of approximately 18.8% to the MEO Share closing price and the Mosman share price has since been volatile;
- Mosman may issue up to 21.1 million more Mosman shares before 30 September 2015, diluting shareholders to an unknown extent; and
- The Mosman Offer is highly conditional, opportunistic and uncertain.

To **REJECT** the Mosman Offer, MEO Shareholders should **simply do nothing** and not respond to any telephone calls or documents received from Mosman.

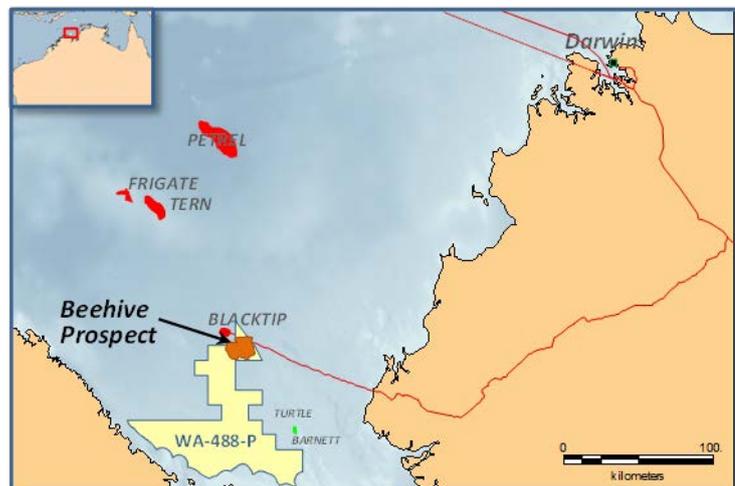
Introduction

This document is a supplementary target's statement under section 644 of the Corporations Act. It is the first supplementary target's statement ("**First Supplementary Target's Statement**") issued by MEO Australia Limited (ABN 43 066 447 952) ("**MEO**") in relation to the off market takeover offer to acquire all of the shares in MEO by Mosman Oil and Gas Limited (ABN 90 150 287 111) ("**Mosman**"). This First Supplementary Target's Statement supplements, and should be read together with, MEO's target statement dated 25 February 2015 ("**Original Target's Statement**").

WA-488-P update

Section 6.3(c) of the Original Target's Statement set out an overview of MEO's participating interest in WA-488-P and noted that MEO had signed a binding option agreement whereby the MEO Group granted a third party an option to acquire a 30% interest in WA-488-P.

On 17th March, 2015 MEO announced that its wholly owned subsidiary has been formally notified by the international exploration company (the Farminee*) that it has received final board approval to proceed with the exercise of its option to farm into WA-488-P. (Refer ASX Release of 18th February, 2015.)



Subject to final farmin documentation and customary regulatory approvals, the exercise of the option provides the Farminee with a 30% participating interest in the permit with further options (if MEO has not secured alternative funding) to increase their participating interest by an additional 10% in return for procuring full funding of a 3D seismic survey over the Beehive prospect and an additional 40% for procuring full funding of the proposed Beehive-1 well.

If these further options are utilised by Farminee or its nominee, MEO will have a full carry through a Beehive-1 well for its residual 20% participating interest. Alternatively, in the absence of the exercise of the additional equity options, the Farminee also has the right to withdraw from the permit if MEO has not entered into other arrangements to fund its future work program prior to 4 months before the end of Permit Year 3.

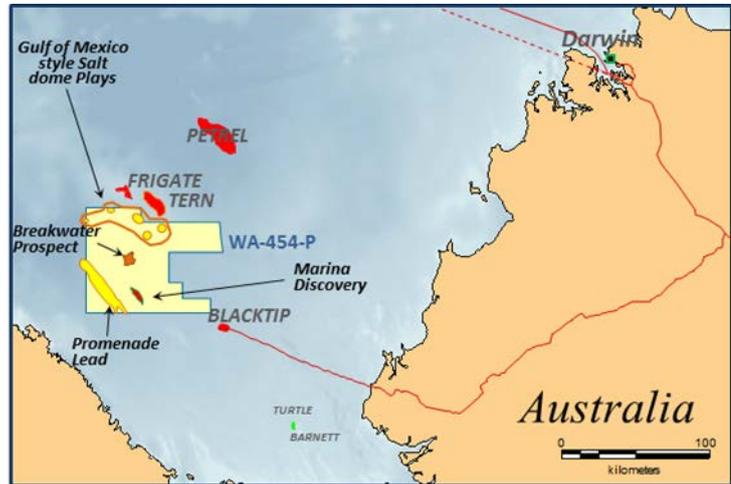
Final farmin documentation is scheduled to be completed within approximately 8 weeks.

MEO's strategy is to farmdown its interest in WA-488-P in order to participate in the drilling of this prospect at minimal cost to MEO. MEO continues to engage with a number of other parties who are also evaluating WA-488-P and additional parties can be accommodated in the Permit by the current agreement.

* The Farminee shall remain confidential until such time as a Farmin Agreement is executed

WA-454-P update

On 12th March, 2015 MEO Australia Limited on behalf of its wholly owned subsidiary Drysdale Offshore Exploration Pty Ltd announced that the WA-454-P Joint Venture has determined it will make two applications to the Titles Administrator to vary the Permit work program. The first application will seek to extend by 6 months Permit Year 4 (currently ending 8th June 2015) to provide further time to undertake seismic reprocessing. The second application will seek to move the current well commitment from Permit Year 5 (currently commencing 9th June 2015) to Permit Year 6 (currently commencing 9th June 2016).



The variation to the work program is being sought to allow important additional technical work to be done to optimise the location of the Breakwater-1 well. If both applications are successful, the proposed Breakwater-1 exploration well will need to be drilled prior to the revised permit expiry date of 8th December, 2017.

Furthermore, the Joint Venture has agreed that the notice period for a drill or drop decision has been extended to allow time for receipt of the Titles Administrator's decision on both of the applications.

MEO gives no guarantee, express or implied, as to the outcome of the applications; such decisions are in the complete discretion of the Titles Administrator.

Director's recommendation

Your Directors continue to recommend you **REJECT** the Mosman Offer for the reasons set out in the Original Target's Statement.

General

Unless the context otherwise requires, capitalised terms used in this First Supplementary Target's Statement but not defined have the same meaning given to them in the Original Target's Statement. The First Supplementary Target's Statement prevails to the extent of any inconsistency with the Original Target's Statement.

This First Supplementary Target's Statement is dated 18th March 2015, which is the date it was lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

This First Supplementary Target's Statement has been approved by a resolution of the MEO Directors. Each MEO Director has voted in favour of the resolution authorising this First Supplementary Target's Statement.

Dated:18th March 2015

Signed for and on behalf of MEO Australia Limited

A handwritten signature in black ink, appearing to read 'G Short', written in a cursive style.

Mr Gregory Short
Chairman
MEO Australia Limited