

### **MEO Australia Limited**

ABN 43 066 447 952

Level 20 500 Collins Street Melbourne Victoria 3000 Australia Tel: Fax: Email: Website: +61 3 8625 6000 +61 3 9614 0660 admin@meoaustralia.com.au www.meoaustralia.com.au

# ASX & Media Release

# MEO executes Cuba "Block 9" PSC

#### Key Points:

- Cuba Block 9 Production Sharing Contract (PSC) executed in Havana, Cuba
- Block 9 covers ~2,380 km<sup>2</sup> onshore on the north coast of Cuba in proven hydrocarbon system
- MEO to immediately commence initial 18 month exploration study phase

## MELBOURNE, AUSTRALIA (3<sup>rd</sup> September, 2015)

MEO Australia Limited (ASX: **MEO**) is pleased to advise that it has today executed the Cuba Block 9 Production Sharing Contract (PSC) with the national oil company Cuba Petróleo Union (**CUPET**) in a ceremony in Havana, Cuba.

The ceremony was attended by dignitaries including Mr. Juan Torres Naranjo, General Director of CUPET and representatives of MEO, including Managing Director & Chief Executive Officer Mr Peter Stickland. The execution of the Block 9 PSC represents the culmination of over three years of negotiations between MEO and CUPET and is MEO's first entry into the Cuban oil and gas sector.

The Block 9 PSC area is in a proven hydrocarbon system with multiple discoveries within close proximity, including the multi-billion barrel Varadero oil field. Block 9 contains the Motembo field, the first oil field discovered in Cuba.

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

#### MEO's MD and CEO Peter Stickland commented on the announcement:

"We are delighted to complete the execution of MEO's first oil and gas block in Cuba. As an early mover into Cuba, MEO is now one of the few western companies with a footprint in the expanding Cuban hydrocarbon sector. The geology of the block has analogies to petroleum systems in which MEO's technical personnel have significant experience, and we see substantial potential in Cuba overall and Block 9 in particular. We look forward to working closely with CUPET to explore and develop Cuba's oil and gas resources.

Peter Stickland Managing Director & Chief Executive Officer

# **Background oil industry in Cuba and Block 9**



Cuba currently produces approximately 80,000 barrels per day representing only ~50% of the oil consumption of the country. The majority of the oil industry is currently operated by the national oil company, CUPET and there is only one foreign company, Sherritt International from Canada, currently producing oil in Cuba.

In 2014 the Cuban Government passed the Foreign Investment Act encouraging new investment in Cuba, including setting a corporate tax rate between 15% and 22.5% with a corporate tax holiday for the first eight years.

MEO has been in discussions with CUPET since prequalifying as an onshore and shallow water operator in early 2013. Block 9 was MEO's preferred entry block due to the confirmed presence of hydrocarbons and the close proximity to existing production and infrastructure. Block 9 covers approximately 2,380 km<sup>2</sup> of predominantly low lying farmland on the north coast of Cuba approximately 130 km east of Havana. It has an existing petroleum exploration dataset of modern 2D seismic and multiple wells. The block is close to the multi-billion barrel Varadero oil field and contains the Motembo field\*, one of the first major Cuban oil fields which was discovered in 1881.

MEO has pursued this opportunity in collaboration with Petro Australis Limited, an unlisted Australian company. In the event Petro Australis qualifies for participation in Cuba, it has an option, which it can exercise within 24 months, to secure up to a 40% Participating Interest in Block 9 by reimbursing its share of costs MEO has incurred to date.

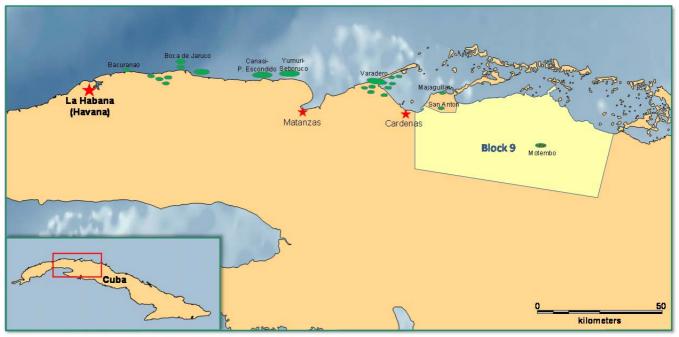


Figure 1. Block 9 location map showing adjacent fields.

\* MEO is not entitled to existing production from any field in the block.