

ASX & Media Release

Option Agreement for farmin to MEO permits

Key Points:

- Option Agreement signed for farmin to three of MEO's Australian exploration permits
- Option immediately exercised for 30% farmin to WA-488-P

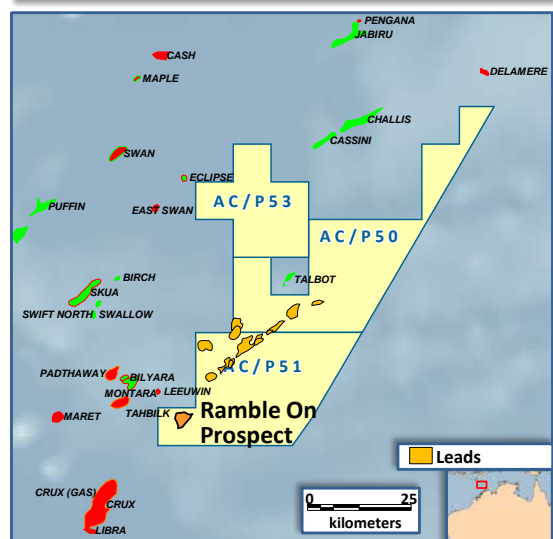
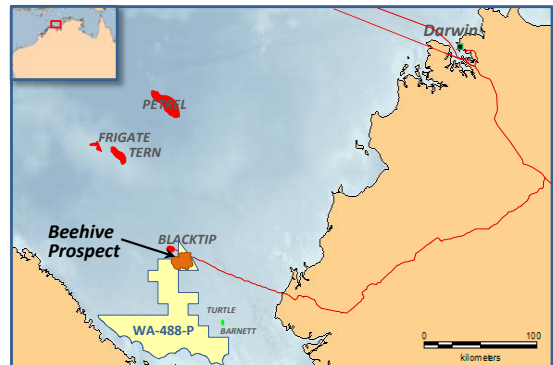
MELBOURNE, AUSTRALIA (18th February, 2015)

MEO Australia Limited (ASX: **MEO**) advises that its wholly owned subsidiaries have executed an Option Agreement with an international exploration company (the Farminee) providing the Farminee with an option to farmin to any of the WA-488-P, AC/P50 and AC/P51 permits.

With regards to WA-488-P (which contains the giant Beehive prospect) the Option Agreement provides an option for the Farminee to acquire a 30% interest in the permit and be obligated to fund 30% of the forward expenditure in the permit. In the absence of MEO having a funding alternative, provisions are included for the Farminee to acquire an additional 10% equity in return for procuring full funding of a 3D seismic survey over the Beehive prospect (if required) and an additional 40% equity for procuring full funding of the proposed Beehive-1 well. If these provisions are utilised, MEO will have a fully 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 or its relevant wholly owned subsidiary has not entered into arrangements to fund its future permit work program prior to 4 months before the end of Permit Year 3.

MEO is pleased to advise that the Farminee has completed their technical assessment of WA-488-P and has immediately exercised their initial option to farmin for 30% interest, which is subject to final board approvals. Final farmin documentation is scheduled to be completed within approximately 2 months.



With regards to AC/P51 (which contains the Ramble On prospect) or AC/P50, the Option Agreement provides an option to the Farminee to conditionally acquire a 30% interest in the applicable permit and be obligated to fund 30% of the forward expenditure in the permit. The

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conditions to the potential farmin provide that if there is an unfavourable outcome from the permit renewal process to be commenced later in 1Q 2015, the Farminee will be entitled to withdraw from either permit. The Farminee is currently undertaking their technical assessment of AC/P50 and AC/P51.

MEO's MD & CEO Peter Stickland, commented on the announcement:

"MEO's strategy is to farm down its Northern Australia permits in order to participate in the drilling of quality prospects at minimal cost to MEO.

While the agreement to farmout 30% of WA-488-P is conditional, it is an important first step. If the farmout is completed and the included provisions are utilised, MEO will have achieved its objective of a fully carry through a Beehive-1 well for its residual 20% participating interest.

Separately MEO continues to engage with a number of other parties who are evaluating WA-488-P and additional parties can be accommodated in the Permit by the current agreement.

The Option Agreement for AC/P50 and AC/P51 is a positive step in the Farminee's evaluation process and we look forward to working with the Farminee on their assessment of MEO's identified prospects in each permit."

A handwritten signature in blue ink, appearing to read 'Peter Stickland'.

Peter Stickland

Managing Director & Chief Executive Officer

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