

ASX & Media Release

Option Agreement for farmin to MEO permits

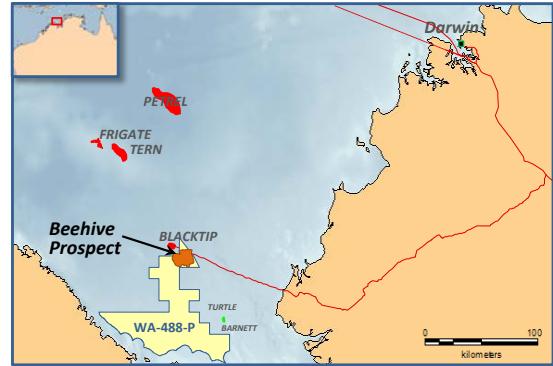
Key Points:

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

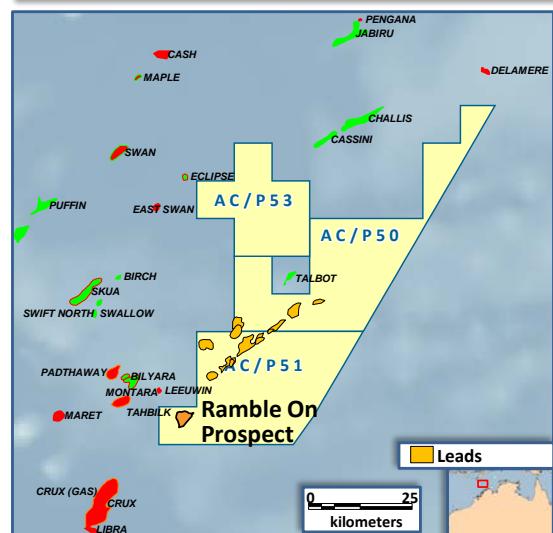
MELBOURNE, AUSTRALIA (18th February, 2015)

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

Option Agreement for farmin to MEO permits



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."

Peter Stickland

Managing Director & Chief Executive Officer

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

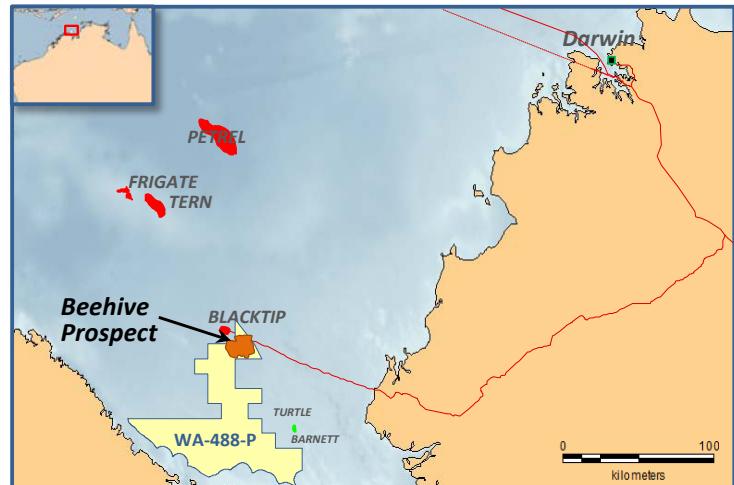
Beehive – potentially giant oil prospect in 40m water depth

5 - 50% equity available

Summary

WA-488-P is located in the Petrel Sub-basin between the producing Blacktip gas field and the undeveloped Turtle and Barnett oil discoveries. WA-488-P has an area of 4,074 km² and was recently awarded to MEO (100%) for an initial 6 year term.

MEO has identified the potentially giant Beehive prospect that it believes can be readily advanced to drillable prospect status with existing seismic data and integration of offset well data.



MEO is offering interested parties the opportunity to acquire a material equity in WA-488-P in return for a cash consideration and promoted carry on future drilling activity.

Prospective Resources - Recoverable

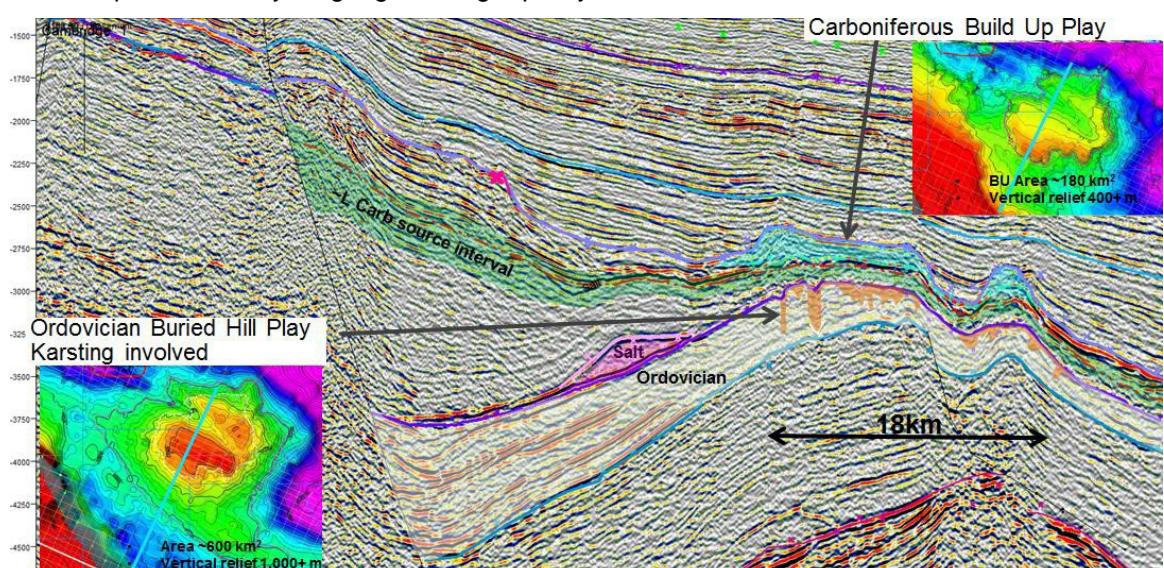
Prospective Resource of up to 2 billion barrels of oil

Beehive Prospect*	COS	Low	Best	Mean	High
Carboniferous objective (MMboe)	16%	97	558	940	2,033
Ordovician objective (MMboe)	8%	63	305	534	1,220

Beehive is a potentially giant, dual objective prospect with a crest at 4,100m located in 40m water depth defined by a tight grid of high quality 2D seismic data.

Stacked structural objectives –

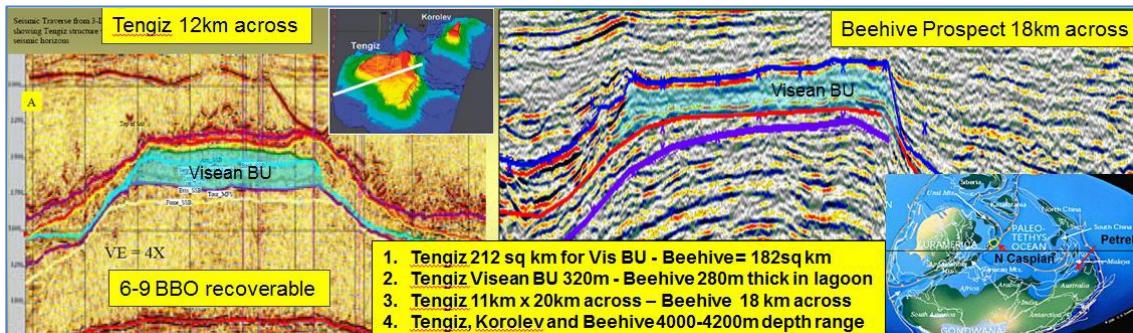
- Carboniferous carbonate build up
- Ordovician buried hill



Carboniferous – 400m vertical relief

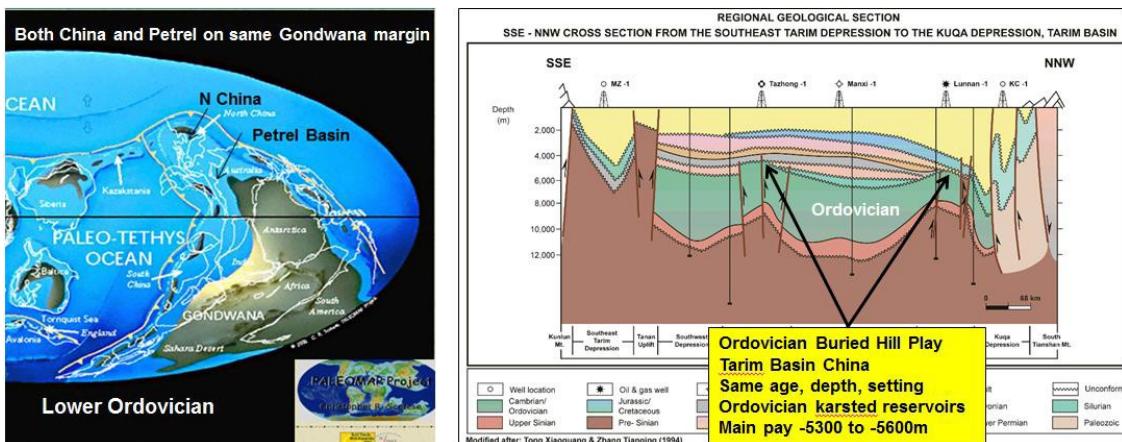
The upper objective is a 180km² isolated carbonate build up (BU) of Carboniferous age with 400m of mapped vertical relief. Beehive is analogous to the giant Tengiz carbonate build up field in the Caspian basin. Beehive is the same Lower Carboniferous (Visean) age carbonate and similar in basinal setting, area, thickness and depth range to the Tengiz field carbonate build up which was deposited at a similar paleo-latitude across the paleo Tethys ocean. The carbonate reservoir is interpreted to be the same age as the 2011 Ungani-1 oil discovery in the Canning basin, which tested at 1,600 bopd demonstrating a high quality reservoir. Beehive is a much larger build up, has excellent access to the Lower Carboniferous source rock in adjacent depocentres. This play setting is undrilled in the Petrel Basin.

**Tengiz analog
for
Carboniferous
carbonate
objective**



The lower objective is a 600km² Ordovician buried hill with 1000+m of mapped vertical relief. This objective is analogous to the giant Ordovician karsted buried hill fields in the Tarim basin of northern China. It is the same age, depth and basinal setting as the giant Tahe Field complex (see below). Beehive is dependent on the same Ordovician source and carbonate reservoir that was deposited on strike along the same paleo-shelf as the Chinese analog (see paleogeographic map below). The source for Beehive is contemporaneous with the Ordovician source that is being actively pursued in the Canning basin as an unconventional play. This play is also undrilled in the Petrel Basin.

**Tarim Basin
analog for
Ordovician
buried hill
objective**



The Beehive prospect represents a rare opportunity to test both of these potentially giant objectives with a single well.

Permit Work Obligations

	Permit Year	Permit Year Start	Work Program	Estimated Expenditure (A\$ indicative)
Primary Term	1	22 May 2013	400 km 2D Seismic Data Reprocessing	\$150,000
	2	22 May 2014	Geological and Geophysical Studies	\$200,000
	3	22 May 2015	One (1) Exploration well	\$20,000,000

Contact Information

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*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. COS – Geological Chance of Success. MMboe – Conversion factor 6000scf/boe.