

Quarterly activities summary for Period ended 30th September 2014

Significant activities during quarter:

- Achieved first revenue from oil production for the company
- Drilled Puka-3 appraisal/development well, plugged & abandoned as sub-economic
- Conducted post well evaluation of Puka-3 result
- Appointed UBS to undertake a value realization process for Tassie Shoal projects and to consider strategic options for the company
- Apache's option in relation to farming in to AC/P50 & 51 lapsed on 30th September

Melbourne, Australia (23rd October, 2014)

MEO Australia Limited (ASX: **MEO**) provides the following summary in relation to its activities during the quarter ended 30th September 2014.

Executive Summary

During the quarter, MEO participated in the drilling of the Puka-3 appraisal/development well in PEP51153 onshore Taranaki Basin New Zealand. The well was targeted at a bottom hole location some 500m north of the producing Puka-2 well and sought to intersect thicker Mount Messenger sands than the Puka-1 and Puka-2 wells currently on production. While good quality, thicker sands were intersected, an interpreted Oil Water Contact (OWC) was observed towards the top of the interval, much shallower than expected and effectively rendered the well sub-economic. MEO considers these results have downgraded the Mount Messenger play.

At the conclusion of drilling, MEO became entitled to 30% of oil production from the Puka extended well test and received its maiden oil production revenue on 20th October 2014.

Following a post well review, MEO turned its attention in the permit to the potential of the deeper, more conventional Tikorangi Limestone play, intersected by Douglas-1 in 2012 and recognized at the time of the farm-in to the permit. This is the same play that is productive in the Waihapa and Ngaere fields immediately to the west. Douglas-1 intersected over 145m of Tikorangi limestone with extensive fractures in the lower 50m. The upper 15m of the limestone exhibited oil shows that terminated abruptly, suggestive of a possible OWC. Mapping of the 3D seismic indicates ~350m elevation can be gained relative to Douglas-1. Resource estimates are in the process of being determined. Once completed, a farmout process will be initiated.

UBS was mandated to undertake a value realization initiative for the Tassie Shoal projects and to consider strategic options for the Company. Several new parties were identified as a result of this process and a data room will remain open until the end of the year. Discussions with resource owners surrounding the proposed Tassie Shoal infrastructure location also progressed during the quarter.

In the previous quarter, MEO and Apache signed an option agreement providing Apache with an option to farm into the Company's AC/P50 and/or AC/P51 blocks in the Timor Sea. Apache had the option to earn a 70% interest in either or both permits by funding 100% of permit activities in the permit renewal period (April 2015) including the drilling of a well in each permit. This option lapsed on 30th September 2014 without being exercised. MEO will consider offers to farm in from prospective partners in the lead up to the permit renewal date.

Cash balance at end of quarter

Consolidated cash balance at 30th September 2014 was A\$11.8m.

New Ventures

Screening for New Venture opportunities concentrated on projects capable of generating operating income within 2-3 years of commencement.

Events subsequent to the end of the quarter

MEO received its first operating income from Kea oil production on 20th October 2014.

Announcements since the previous quarterly activities report

The following ASX releases were made since the quarterly activities report (refer www.meoaustralia.com.au):

01/10/2014	Apache option agreement
26/09/2014	2014 Notice of Annual General Meeting & Proxy form
26/09/2014	2014 MEO Australia Limited Annual Report to shareholders
17/09/2014	2014 MEO Directors Report & Statutory Accounts
19/08/2014	Puka-3 Progress Report No. 3
15/08/2014	Trading Halt
15/08/2014	NT/P68 Farmin Notice Dates extended to 28th October
07/08/2014	Tassie Shoal Projects - Value Realisation Initiative
01/08/2014	Puka-3 Progress Report No. 2
25/07/2014	Quarterly Activities Summary For Period Ending 30th June 2014
25/07/2014	Quarterly Cash Flow Summary For Period Ending 30th June 2014
23/07/2014	Puka 3 Progress Report No. 1
09/07/2014	ASX Release MEO Securities
09/07/2014	ASX Release - Appendix 3Y

Priorities for the current quarter ending 31st December 2014

- Ascertain Eni's intentions in relation to Blackwood & Heron options expiring 28th October
- Hold Annual General Meeting of shareholders on 30th October
- Complete resource assessment of Tikorangi limestone play in PEP51153 & mature prospect for drilling
- Initiate farmout process for Tikorangi play
- Support the Tassie Shoal value realization initiative
- Market farm-out opportunities for WA-454-P, WA-488-P, AC/P50&51
- Continue screening for opportunities capable of generating operating income



Jürgen Hendrich

Managing Director & Chief Executive Officer

Attachments: Activity Summaries by Project Area

New Zealand: Taranaki Basin

PEP 51153 (MEO 30%*, Kea Petroleum Limited 70% & Operator)



On 7th April 2014 MEO Australia Limited announced its wholly owned subsidiary, MEO New Zealand Pty Limited (“MEO”), had executed binding a binding farm-in agreement (FIA) with KEA Petroleum PLC (“Kea”) to earn an initial 30% interest in exploration permit PEP 51153 in the Taranaki Basin, onshore New Zealand.

PEP 51153 comprises two discrete components – Area “A” to the north (19.787 km²), and Area “B” (84.673 km²) to the south. Area A was relinquished in September.

Area B contains the 2012 Puka oil discovery in the Mount Messenger formation. Puka-1 and Puka-2 (2013) are currently producing around 110 barrels oil per day (“bopd”) under an extended well test.

MEO is earning an initial 30% participating interest by funding NZ\$4m of a Phase I work program capped at NZ\$5m. Any investment over this cap will be at the participating interest level.

Within 6 months of completing Phase I, MEO can elect to increase its participating interest to 50% by funding NZ\$7.5m of an indicative NZ\$9m Phase II work program.

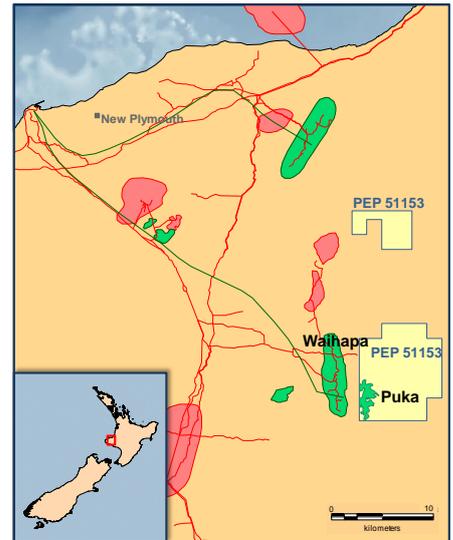
During the quarter the Puka-3 appraisal/development well was drilled targeting thicker Mount Messenger reservoir sands some 500m to the north of the Puka-2 bottom hole location.

Puka-3 reached a total depth of 2,200mMD and intersected approximately 30m as drilled (18m true vertical thickness) of good quality Mount Messenger reservoir section, significantly thicker than expected. A probable Oil-Water-Contact (OWC) was interpreted from MDT pressure samples near the top of this interval, significantly shallower than expected, effectively rendering Puka-3 sub-economic. The well was consequently plugged and abandoned. At the conclusion of drilling MEO is entitled to 30% of the oil production from the Puka field.

In MEO’s view, the result has downgraded the potential of the Mount Messenger play.

Following the result, MEO resumed its assessment of the potential of the deeper Tikorangi limestone play that has produced over 20 million barrel of oil in the Waihapa field and associated accumulations immediately to the west of PEP 51153. Individual wells at Waihapa and Ngaere have produced in excess of 3 million barrels oil at high production rates.

Douglas-1 drilled by Kea in 2012 intersected oil shows over a 15m interval at the top of a 145m thick Tikorangi limestone interval which is extensively fractured in the lower 50m. The oil shows terminate abruptly below this 15m interval, which may suggest a possible OWC. Mapping of the 3D seismic indicates there is potential for in excess of 300m of closure updip of Douglas-1 in a possible trap covering approximately 5 km². Resource size estimates are in the process of being completed in readiness for a marketing campaign aimed at attracting a partner to participate in a proposed exploration well.



Indicative Activity Schedule

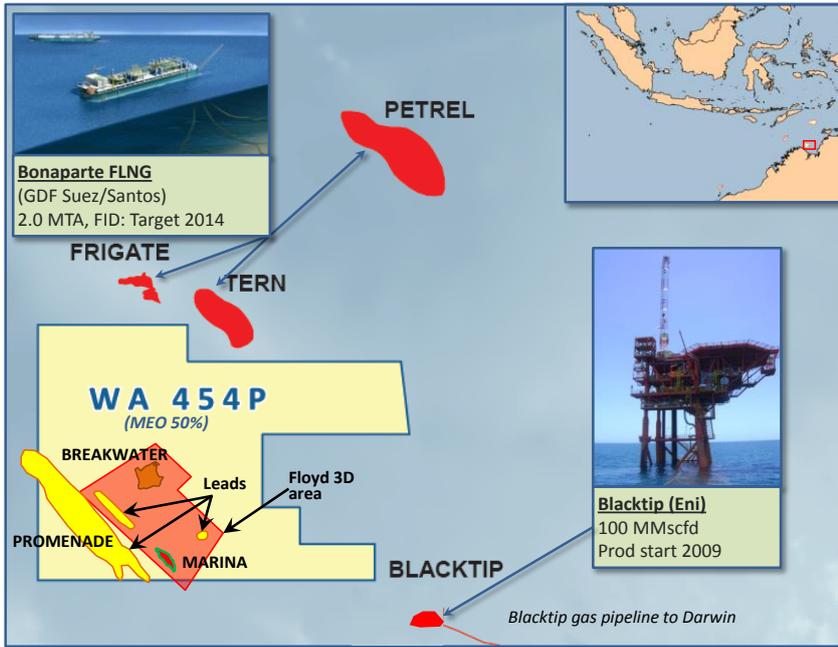
Permit	PEP 51153	2013				2014				2015															
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr														
MEO PI*	30%*	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D						
Operator	Kea	J	A	S	O	N	D	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Permit Year		5/10				6/10				7/10				8/10											
Work program		2D repro				Studies				7 km 2D seismic				Well											
Activities																									
Reprocess 3D seismic																									
Phase I*																									
Puka-2 workover																									
Puka-3 appraisal/development well																									
Relinquishment of Area "A"																									
Post Puka-3 evaluation																									
Puka deep prospect assessment																									
Marketing of Puka Deep prospect																									
Douglas-1 P&A/testing																									
Post Phase I review																									

* MEO's 30% participating Interest in PEP 51153 is contingent upon completing the Phase 1 work Program

* MEO has option to increase PI to 50% by funding NZ\$7.5m out of NZ\$9.0m Phase II work program

Bonaparte Gulf: Petrel Sub-Basin

WA-454-P (MEO 50%)



WA-454-P contains the Marina gas and probable oil discovery together with the Breakwater prospect and a number of promising leads. MEO was awarded the permit in June 2011 for an initial six (6) year exploration period.

The 601 km² Floyd 3D seismic survey was acquired in early 2012 over the Marina discovery, Breakwater prospect and a number of identified leads.

In July 2013, MEO executed a binding farm-in agreement with Origin Energy for a 50% participating interest in the permit. Origin reimbursed MEO A\$5.6m in past costs and will fund 80% of a well capped at A\$35m (100% well cost).

During the quarter, MEO launched a marketing campaign to sell a portion of its 50% participating interest to defray MEO's 20% cost exposure to the Breakwater-1 well, scheduled for drilling in 3Q-2015 subject to rig availability and receipt of customary regulatory approvals.

Indicative Activity Schedule

Permit	WA-454-P	2013				2014				2015									
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr								
MEO PI	50%*	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Operator	MEO					J A S O N D													
Permit Year		3/6				4/6				5/6									
Work program		Studies				Studies				1 well									
Activities																			
Transfer of title		■																	
Finalise Joint Operating Agreement		■																	
Transition to new Operator		■																	
Mature Breakwater prospect						■													
Fund 20% residual drilling obligation										■									
Drill Breakwater-1 ^x														■					

^x timing is indicative only and is subject to change; * pre-farmout

Tassie Shoal Gas Processing Projects

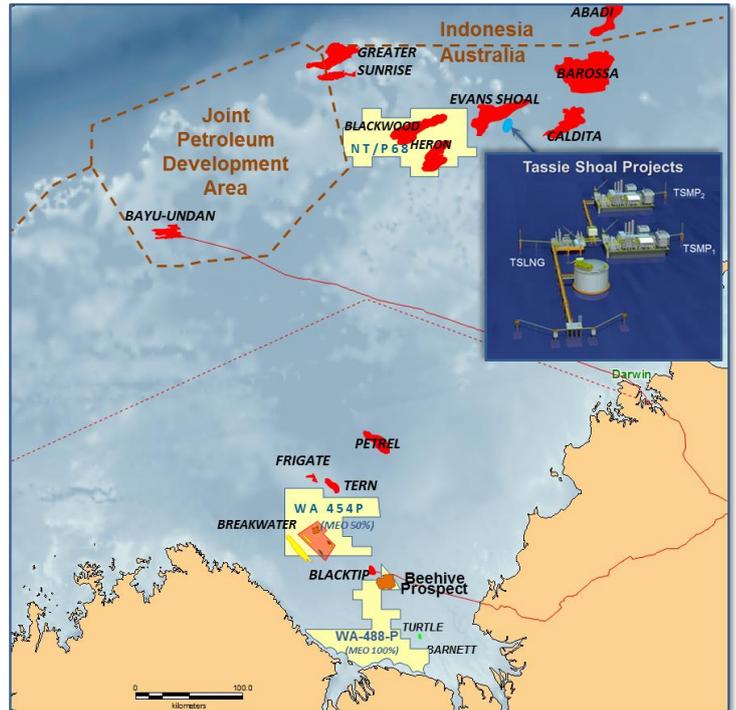
(MEO 100%)



During the quarter, MEO continued business development and technical assessment activities with potential midstream investors, including those identified as a result of the Tassie Shoal Value Realisation Initiative (“Realisation Initiative”) conducted in conjunction with UBS.

The Realisation Initiative has identified new parties with specific interest in the potential of the Tassie Shoal Methanol Projects (“TSMP”) to provide new supply into the global methanol market. Management presentations have been made to these parties. A full technical data room has been opened and is anticipated to remain open for the remainder of 2014. Overall there is strong interest in the Tassie Shoal Projects pending availability of feed gas supply.

With respect to gas supply, MEO continues in its efforts to promote the potential of the Tassie Shoal Projects to all stakeholders and regional resource owners as a logical, cost effective, practical and profitable development path.



To facilitate ongoing consideration, MEO has confirmed to potential gas suppliers its previous advice that a gas price of US\$3.15/MMBTU (1 January 2015 basis, raw unprocessed gas (including CO₂) delivered to TSMP plant gate) is an appropriate starting point for gas supply pricing negotiations. MEO's analysis indicates this is a competitive gas price against the netback achievable by the parties should they pursue other development alternatives once the capex cost differential is accounted for. This gas price provides a basis for the economic development of the stranded gas resources.

With respect to the Evans Shoal gas resource, following on from the 19th August, 2014 award of a Retention Lease over the Evans Shoal gas field, the Evans Shoal JV corresponded with MEO to advise their forward plans with respect to discussions with MEO and its potential TSMP partners. A preliminary outline Agenda for a planned meeting has been proposed and accepted by the parties, with the proposed meeting deferred to early 2015 to allow the Evans Shoal JV to finalise its roadmap and progress its planned work program.

The Evans Shoal gas discovery is one of a number of potential gas supply sources for a TSMP based development, considering its close proximity (<10km), ~28% CO₂ content and lack of practical development alternatives. The Tassie Shoal Methanol Projects have the potential to commercialise 4TCF of recoverable raw gas from Evans Shoal over a 25 year gas supply period.

The nearby Barossa gas discovery and the Caldita gas discovery are also potential supply sources. MEO notes market expectation that two additional wells are to be drilled in the Barossa gas field (approximately 16% CO₂) with the first of these wells expected to spud in 4Q, 2014. The results from these wells will provide further clarity on gas resource estimates, field productivity and CO₂ content which will be key inputs into consideration of potential commercialization opportunities. On this basis, MEO has corresponded with the common JV Operator to confirm MEO's previous guidance regarding the gas supply opportunity.

Both Heron and Blackwood remain potential supply sources pending further appraisal, which is the subject of ongoing discussions between MEO and the current Operator, Eni Australia.

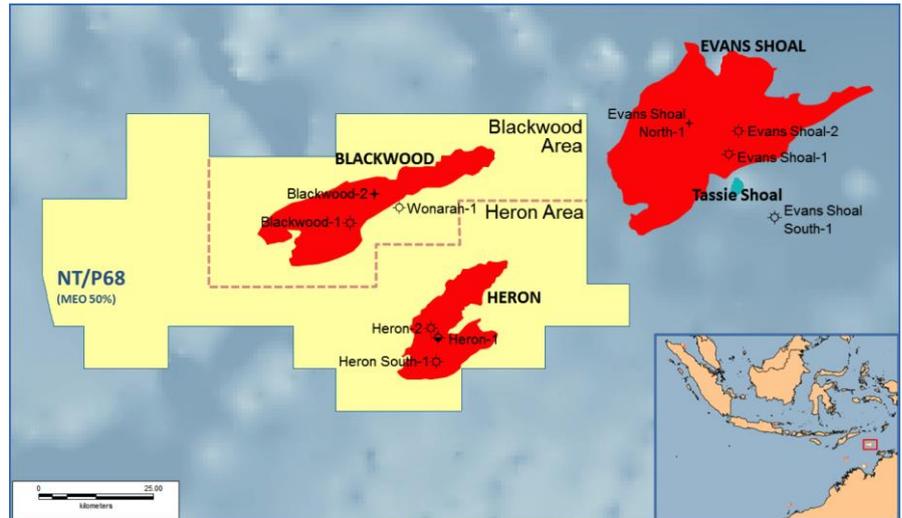
Timor Sea: Bonaparte Basin

NT/P68 (MEO 50%, Eni Australia Ltd 50% & Operator)



Pursuant to a farm-in agreement with Eni Australia (refer ASX release dated 18th May 2011), Eni has earned an initial 50% interest in the Blackwood area of NT/P68 by acquiring the 766km² Bathurst 3D seismic survey and drilling Blackwood-2.

Eni is also earning an initial 50% interest in the Heron area by funding the drilling of two wells on the greater Heron structures. The first of these, Heron South-1, was drilled in late 2012. Eni has until 28th October 2014 to elect whether to drill a 2nd well or withdraw from the Heron area.



Eni has options to earn a further 25% participating interest in either or both the Heron and Blackwood areas by funding MEO's share of the work programme required to achieve a Final Investment Decision and make a one-off cash payment of US\$75m to MEO on achieving a Final Investment Decision in either area. This option also expires on 28th October 2014.

Indicative Activity Schedule

Permit MEO PI Operator	NT/P68 50%* Eni Australia	2013				2014				2015							
		Sep Qtr		Dec Qtr		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr					
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Permit Year		4/5				5/5				pending							
Work program		1 well*				Studies				pending							
Permit expiry										◀ ▶							
Submit permit renewal application										◀ ▶							
Drill Blackwood-2		BW-2															
2nd Heron well election (30th October)										30							
Increase Blackwood equity to 75%										30							
Planned drilling in nearby permits^x		ESN-1				B-2				B-3 B-4							
Evans Shoal North-1		ESN-1															
RL granted over Evans Shoal field										19							
Barossa: appraisal drilling						B-2				B-3 B-4							
Activities																	

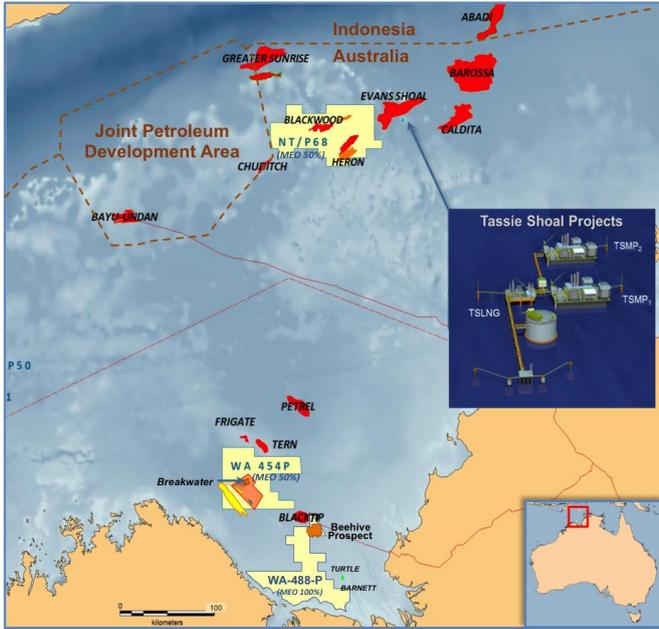
* subject to completion of farm-in agreement as detailed in 18th May 2011 ASX release

^x Permit Year 4 well obligation previously met by drilling Heron South-1 during Permit Year 3

^x timing is indicative only and is subject to change

Bonaparte Gulf: Petrel sub-Basin

WA-488-P (MEO 100%)



WA-488-P is located adjacent to MEO's WA-454-P (50%) permit and covers an area of 4,105 km². The permit was awarded to MEO in May 2012 as part of the acreage Gazettal Round.

MEO has identified the giant Beehive prospect that it considers can be readily advanced to drillable prospect status by reprocessing existing 2D seismic data and integrating offset well data. Beehive represents a new play type within the Bonaparte basin, leveraging the 2011 Ungani-1 oil discovery in Carboniferous aged reservoirs in the nearby Canning Basin.

During the quarter, MEO continued to market the Beehive prospect to prospective industry partners considering participating in the Permit Year 3 well (commencing May 2015). The partial sale process remained underway at the end of the quarter.

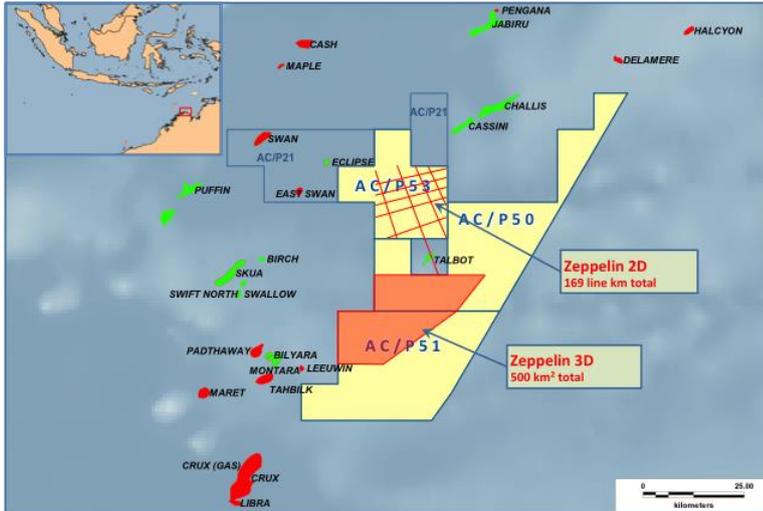
Indicative Activity Schedule

Permit MEO PI Operator	WA-488-P 100% MEO	2013				2014				2015							
		Sep Qtr		Dec Qtr		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr					
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Permit Year		1/6				2/6				3/6							
Work program		400 km 2D Repro				Studies				1 Well*							
Activities																	
Resource estimation		■															
Reprocess 2D seismic						■ 2D repro											
Partial sale process						■ Partial sale											

* timing is indicative only and is subject to change

Ashmore Cartier Region, Timor Sea: Vulcan Sub-Basin

AC/P53 (MEO 100%)



MEO was awarded AC/P53 as part of an acreage gazettal round in mid-2011. In early 2012, MEO acquired 169 line km of the Zeppelin long offset 2D seismic data featuring a tie line through the Talbot oil discovery in the adjacent Retention Licence AC/RL2.

There was no meaningful activity on this permit during the quarter.

Indicative Activity Schedule

Permit	AC/P53	2013						2014						2015					
		Sep Qtr			Dec Qtr			Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr		
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Operator	MEO	J A S			O N D			J F M			A M J			J A S			O N D		
Permit Year		3/6						4/6						5/6					
Work program		Studies												1 Well					
Permit relinquish election ^x														◀▶					
Activities		Interpret																	
Zeppelin 2D - interpret		Interpret																	
Potential co-operation discussions																			

^x drilling is contingent upon a) identification of drillable prospect, b) successful farmout & c) rig availability/drilling schedule

North West Shelf: Offshore Carnarvon Basin

WA-360-P, WA-361-P (MEO Operator)



WA-360-P (MEO 62.5% & Operator)

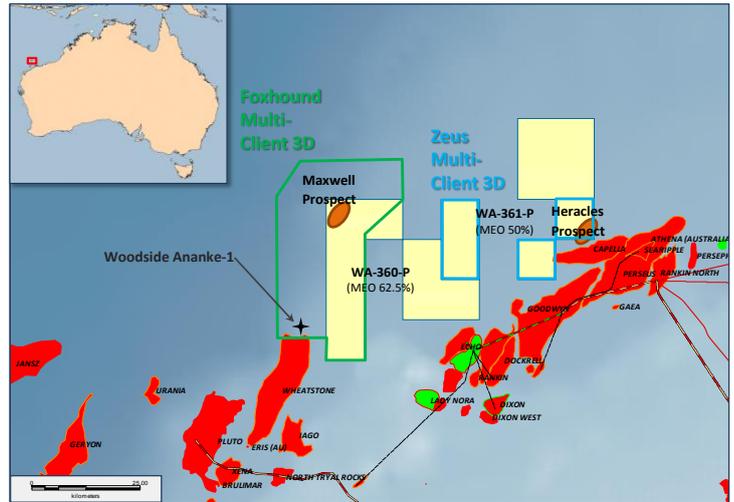
The permit was renewed in early 2012 for an additional 5 years.

During the quarter, the Ananke-1 well completion report became open file. MEO acquired the open file data and commenced integrating the results into its geological understanding of the area, in particular, the implications of the result on MEO's mapped Maxwell prospect.

MEO has made its participating interest in the permit available for acquisition.

WA-361-P (MEO 50% & Operator)

The permit was renewed in early 2011 for five years. MEO has made its participating interest in the permit available for acquisition.



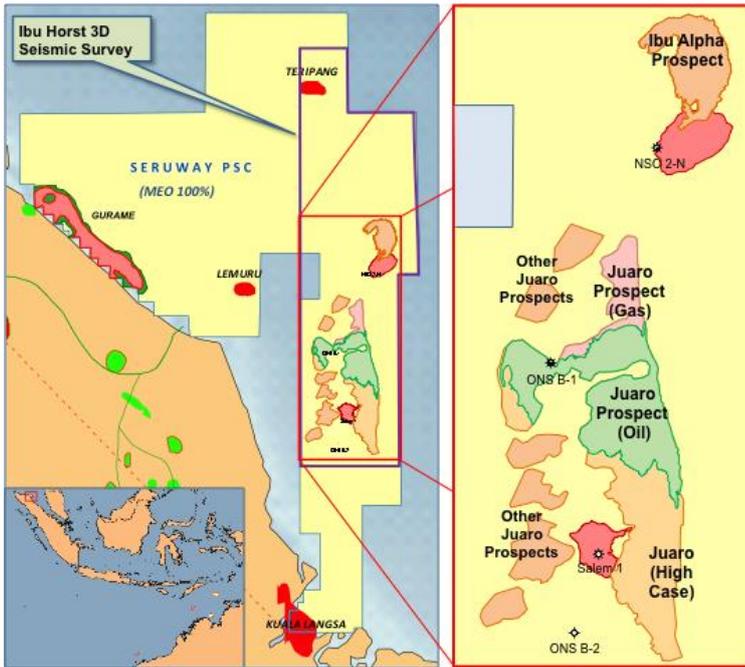
Indicative Activity Schedule

Permit	WA-360-P	2013				2014				2015							
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr						
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Operator	MEO																
Permit Year		2/5				3/5				4/5							
Work program		648 km ² 3D reprocessing				3D interpretation, studies				Studies							
Activities						Repro											
Seismic reprocessing						Repro											
Partial sale process						Divestment											
Ananke-1 data becomes open file										Integrate							
Integrate Ananke-1 data										Integrate							

Permit	WA-361-P	2013				2014				2015							
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr						
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Operator	MEO																
Permit Year		3/5				4/5				5/5							
Work program		3D interp, studies				Studies				Studies							
Relinquishment/renewal																	
Activities						Divestment											
Partial sale process						Divestment											

North Sumatra, Indonesia

Seruway PSC (MEO 100%*)



The Seruway PSC is held by wholly owned subsidiary Seruway Offshore Exploration Limited (“SOEL”). The PSC was acquired in mid-2011 in a corporate transaction and is located in Aceh province of North Sumatra, close to the Arun LNG facility. Domestic gas demand remains unfulfilled.

A number of undeveloped discoveries are featured within the PSC. SOEL acquired modern, high quality, 2012 vintage 3D data over the Ibu Horst area which features two main prospective areas of interest: 1) the Juaro Complex discovered by ONS B-1; and 2) Ibu Alpha discovered by NSO 2-N.

The Juaro Complex is considered to have potential for significant prospective oil resources in the main feature of the complex, with a series of subordinate, independent features offering follow up potential. Ibu Alpha is smaller with a higher chance of success.

The Kuala Langsa gas discovery straddles the adjacent permit and contains contingent resources inclusive of CO₂ up to 80%, providing a significant commercialization challenge.

During the quarter, MEO continued the process of preparing the PSC for relinquishment.

Indicative Activity Schedule

Permit	Seruway PSC	2013					2014				2015								
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr								
MEO PI	100%*	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Operator	SOEL*	Permit Year					Permit Year				Permit Year								
Work program		9/10					10/10												
PSC expiry		Mature Juaro					1 well ^x												
Relinquish PSC																			
Activities																			
Partial sale process		Partial sale																	

^x drilling is contingent upon a) successful farmout, b) rig availability/drilling schedule & c) regulatory approvals

New Ventures



MEO continued to screen new venture opportunities capable of generating operating income as well as targeting attractive exploration projects capable of attracting industry partners to fund drilling. Under the strategic co-operation framework agreement with Hongfu Fund, the second project in advanced due diligence at the conclusion of the previous quarter was also screened out. Several producing assets and development projects came onto the market during the quarter. These are being actively evaluated.