



MOSMAN OIL AND GAS
LIMITED

11 December 2014

Market Announcements Office
ASX Limited
Level 4
North Tower, Rialto
525 Collins Street
MELBOURNE VIC 3000

1300 135 638

Dear Sir / Madam

MEO Australia Limited (ASX Code: MEO)

On behalf of Mosman Oil and Gas Limited (**Mosman**), a company admitted to trading on the AIM Market of the London Stock Exchange plc, enclosed is an announcement in relation to Mosman's intention to make a takeover bid for MEO Australia Limited.

Yours sincerely,

Mosman Oil and Gas Limited

A handwritten signature in black ink, appearing to read "John W Barr", written over a large, stylized oval scribble.

John W Barr
Executive Chairman

Enclosure



11 December 2014

Mosman Oil and Gas Limited
("Mosman" or the "Company")

Takeover proposal for MEO Australia Limited

The Directors of Mosman Oil and Gas Limited ("Mosman" or the "Company") (AIM: MSMN), the New Zealand and Australia focussed oil exploration and development company, are pleased to announce that Mosman proposes to make a takeover bid pursuant to Chapter 6 of the Australian *Corporations Act 2001* (Cth) ("Corporations Act") to acquire 100% of the fully paid ordinary shares in the Issued capital of the ASX listed MEO Australia Limited ("MEO") (the "Proposal").

Mosman informed the directors of MEO of the Proposal today. A copy of the letter to the MEO board is attached as Appendix A.

Proposal

Mosman intends to offer the MEO shareholders 1 AIM traded fully paid ordinary share in Mosman for every 20 ASX listed fully paid ordinary shares in MEO to acquire 100% of the share capital of MEO (the "Offer").

The Proposal, and any agreement that results from acceptance of the Offer contemplated by the Proposal, will be subject to the fulfilment (or waiver) of the conditions detailed in the letter to the MEO board, and will be fully set out in the takeover bid documents, anticipated to be despatched in February 2015. The Offer would be classified as a reverse takeover under the AIM Rules and so would be subject to the approval of the Mosman shareholders and would require the publication of an AIM admission document relating to the merged group.

The Board of Mosman believes that the combined resources of Mosman and MEO will deliver benefits to both Mosman and MEO shareholders and establish the merged group as an attractive investment proposition for investors.

As Mosman is admitted to trading on AIM it has exposure to one of the largest global investment communities, and its activities since being admitted earlier this year have created considerable investment interest.

Background

MEO was listed on the ASX in 1988 and has a current market cap of approximately AUD\$14.25m. MEO has a diversified portfolio of petroleum exploration and development permits as well as production in New Zealand.

MEO is currently subject to a merger proposal with ASX listed company, Neon Energy Limited ("Neon"). MEO and Neon have entered into a merger implementation agreement pursuant to which they have agreed to complete the merger via a scheme of arrangement (under the Australian



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Corporations Act), subject to approval by the MEO shareholders and the regulatory approvals required in Australia (the "Neon Merger"). A draft scheme booklet in respect to the Neon Merger was recently lodged with the Australian Securities and Investments Commission (the "Australian Regulator").

Separately, Evoworld Corporation Pty Ltd ("Evoworld") has informed Neon that it intends to call and arrange a general meeting of Neon's shareholders, pursuant to section 249F of the Australian Corporations Act, to be held on 14 January 2015 (the "Neon Meeting"). Evoworld holds approximately 19.99% of the issued share capital of Neon.

The Board of NEON has stated that:

"Neon Energy understands that Evoworld intends to send a Notice of Meeting to Neon Energy shareholders in due course. As previously announced, Evoworld has indicated that it will put resolutions to the meeting on various matters, including the proposed merger with MEO Australia Limited (MEO), the removal of the existing Directors, and the appointment of Evoworld nominees Timothy Kestell, Peter Pynes and Ross Williams as Directors of Neon Energy."

Mosman has no relationship with Evoworld. However, the actions of Evoworld raise serious questions as to whether the Neon Merger will be implemented. The Proposal, and any agreement that results from acceptance of the Offer contemplated by the Proposal, is conditional on, amongst other things, the Neon Merger not proceeding.

The MEO webpage is available at
<http://www.meoaustralia.com.au>

The NEON webpage is available at
<http://www.neonenergy.com>

Mosman

Mosman is admitted to trading on AIM and currently has a market cap of approximately £15.76m (or AUD\$29.8m).

Timetable

Given today's announcement, the Bidder's Statement in respect to the Proposal will be lodged with the Australian Regulator and also the Australian Securities Exchange, and served on MEO in early February 2015 and subsequently despatched to the MEO shareholders.

John W Barr, Executive Chairman of Mosman commented: "The Mosman Directors believe that there is a strong possibility that the proposed merger between MEO and Neon will not occur, and that the takeover bid affords the MEO shareholders a viable alternative. The Mosman Directors believe that the combined resources of Mosman and MEO will deliver benefits to both shareholder groups and establish an expanded company as an attractive investment proposition for investors."

Enquiries:

Mosman Oil & Gas Limited
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Updates on the Company's activities are regularly posted on its website www.mosmanoilandgas.com

About Mosman

Mosman (AIM: MSMN) is an Australia and New Zealand focused oil exploration and development company with a strategy to build a sustainable mid-tier oil and gas business by acquisition and organic growth.

Currently, Mosman has a total of ten permits or accepted permit applications in New Zealand and Australia.

Petroleum Creek Project, New Zealand

Mosman owns 100% of permit PEP 38526, the Petroleum Creek Project, which is a 143.6 sq. km low cost onshore exploration project located near Greymouth on the South Island in the southern extension of the proven Taranaki oil system. The project has a Mean Unrisked Recoverable Prospective Resource of 26.6 million barrels. In the first month of drilling, oil was discovered at Cross Roads-1 well which declared an Oil Discovery in June 2014 and at Crestal-1 which declared an Oil Discovery in July 2014. In H2 2014, the focus is on the appraisal of existing discoveries and additional exploration.

Taramakau, Murchison and East Coast Permits (New Zealand)

These permits were granted to Mosman on 9 December 2014 as part of the 2014 Block Offer.

Officer Basin Project, Australia (Application)

Mosman has a 25% investment in the Officer Basin Project, a 22,527 sq. km large land holding with significant exploration potential, which lies in one of the more explored parts of the Basin with road access. The project area is in the Western Australian part of the Officer Basin and offers both conventional and unconventional potential with hydrocarbon shows reported and all elements of a petroleum system are present.

Amadeus Basin Projects, Australia

Mosman owns 100% of two granted permits and one application in the Amadeus Basin in Central Australia which total of 5,458 sq. km. The Amadeus Basin is considered one of the most prospective onshore areas in the Northern Territory of Australia for both conventional and unconventional oil and gas, and hosts the producing Mereenie, Palm Valley and Surprise fields.

Otway Basin Project, Australia

Mosman owns 30% of VIC/P62 in the Otway Basin. The permit was recently renewed and is in relatively shallow water. The 70% permit holder funded a 3D seismic survey in 2013. The results of the 3D seismic survey are now being integrated in to a geological model to allow identification and



ranking of drilling targets. Within the Otway Basin there is commercial production both onshore and offshore.



Appendix A

By Courier

By Fax: +61 (3) 9614 0660

By Email: admin@meoaustralia.com.au

11 December 2014

Mr Gregory A Short
Chairman
MEO Australia Limited
Level 20, 500 Collins St
Melbourne, VIC, 3000

Dear Mr Short

Intention to make a Takeover Bid for MEO Australia Limited

On behalf of the Board of Mosman Oil and Gas Limited (**Mosman**), I am writing to inform the directors of MEO Australia Limited (**MEO**) that Mosman intends to make a takeover bid pursuant to Chapter 6 of the *Corporations Act 2001* (Cth) (**Corporations Act**) to acquire 100% of the fully paid ordinary shares in the issued capital of MEO (**MEO Shares**).

The Board of Mosman firmly believes that the combined resources of Mosman and MEO (the **Merged Group**) will deliver benefits to both Mosman's and MEO's shareholders and establish the Merged Group as an attractive investment proposition for investors.

This letter outlines the basis on which Mosman intends to make the takeover bid to acquire 100% of the MEO Shares on issue.

Proposal

Mosman intends to offer MEO shareholders 1 AIM traded fully paid ordinary share in Mosman (**Mosman Share**) for every 20 MEO Shares to acquire 100% of the MEO Shares on issue pursuant to Chapter 6 of the *Corporations Act* (the **Proposal**).

The Proposal extends to all MEO Shares that on issue at the end of the offer period (including those issued due to conversion or exercise of any MEO options or MEO performance rights on issue as at the date of this letter (the **MEO Convertible Securities**)).

The Proposal, and any agreement that results from acceptance of the offers contemplated by the Proposal, will be subject to the fulfilment (or waiver) of the conditions detailed in Annexure A.

If Mosman acquires a relevant interest in 90% or more of the MEO Shares on issue, Mosman intends to compulsorily acquire the outstanding MEO Shares.

Mosman is not making a separate offer to acquire any of the MEO Convertible Securities. However, if Mosman and its associates acquire a relevant interest in 90% or more of the MEO Shares on Issue, Mosman will give notice to holders of MEO Convertible Securities offering to acquire their MEO Convertible Securities in accordance with sections 663A to 663C (inclusive) of the *Corporations Act*.



The Proposal and any agreement that results from acceptance of the offers contemplated by the Proposal has the support of the full Board of Mosman and is not, and will not be, subject to Mosman's due diligence into MEO or MEO's business or assets.

Overview of Mosman

Mosman is admitted to trading on the AIM Market of the London Stock Exchange plc (**AIM**) (**AIM: MSMN**) and has a market capitalisation of approximately A\$29.8 million. Mosman was admitted to trading on AIM in March 2014.

Mosman is an Australia and New Zealand focused oil exploration and development company with a strategy to build a sustainable mid-tier oil and gas business by acquisition and organic growth. Mosman's key assets include permits covering four basins in Australia and the Petroleum Creek Project in New Zealand.

Mosman's management team has extensive international experience.

For further information please refer to: www.mosmanoilandgas.com

Announcement

Mosman intends to announce to the London Stock Exchange the matters contemplated in this letter on the Regulatory News Service operated by the London Stock Exchange plc at or around 7:00am (GMT) on 11 December 2014.

Status of this Letter

This letter constitutes notification of a proposed takeover bid for the purposes of section 631 of the Corporations Act.

Please contact me at jwbarr@mosmanoilandgas.com if you wish to discuss or require clarification of any aspect of this letter.

Yours sincerely
Mosman Oil and Gas Limited



John W Barr
Executive Chairman



Annexure A – Conditions

1. Minimum Acceptance

At or before the end of the Offer Period, Mosman has a Relevant Interest in such number of MEO Shares which represents at least 90% of the aggregate of all MEO Shares on issue at the end of the Offer Period.

2. Shareholder Approval

Before the end of the Offer Period, Mosman's shareholders approve, by ordinary resolution, the acquisition of the MEO Shares by Mosman under the Offer for the purposes of Rule 14 of the AIM Rules.

3. Regulatory Approvals

Before the end of the Offer Period, all approvals or consents that are required by any applicable law, by any Government Agency or by any other Third Party as are necessary to permit:

- (a) the Offer to be lawfully made to and accepted by MEO's shareholders;
- (b) the transactions contemplated by the Proposal to be completed; and
- (c) the MEO Group to be in material compliance with each of its contracts, permits, licences and other agreements,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

4. No Regulatory Actions

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by any Government Agency;
- (b) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (c) no application is made to any Government Agency (other than by Mosman or any associate of Mosman),

In consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impacts upon, the making of the Offer and the completion of any transaction contemplated by the Proposal or which requires the divestiture by Mosman of any MEO Shares or any material assets of any MEO Group Entity.



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5. Neon Scheme

Before the end of the Offer Period, MEO announces that it will not proceed with the Neon Scheme for any reason.

6. Other Acquisitions or Mergers

Between the Announcement Date and the end of the Offer Period (each inclusive), no person:

- (a) directly or indirectly acquires a Relevant Interest in 19.9% or more of the MEO Shares on issue (but not as a custodian, nominee or bare trustee);
- (b) acquires control of MEO (within the meaning of section 50AA of the Corporations Act); or
- (c) otherwise acquires or merges with MEO.

7. Conduct of Business

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) no MEO Group Entity enters into any contract or commitment requiring payments by the MEO Group in excess of A\$1,000,000 (individually or in aggregate) other than any payment required by law;
- (b) no MEO Group Entity incurs or commit to incur an amount of capital expenditure in excess of A\$500,000 (individually or in aggregate) other than:
 - (i) capital expenditure incurred on existing projects in which MEO has an interest as at the Announcement Date; or
 - (ii) capital expenditure in the day to day operating activities of the business of MEO Group conducted in the same manner as before the Announcement Date;
- (c) no MEO Group Entity conducts its business other than in the ordinary course; and
- (d) MEO does not enter into or otherwise become a party to a transaction with a related party or related entity (as those terms are defined in the Corporations Act).

8. No Material Adverse Change

Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs:

- (a) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (b) information is disclosed or announced by MEO concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or



- (c) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Mosman (whether or not becoming public),

(each a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (d) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the MEO Group taken as a whole; or
- (e) without limiting the generality of paragraph 8(d) above, the effect of a diminution in the value of the consolidated net assets of the MEO Group taken as a whole, by at least A\$2,000,000 against what it would reasonably have been expected to have been but for such Specified Event;

other than:

- (f) an event, matter, change or circumstance caused, or materially contributed to, by Mosman;
- (g) anything required or permitted to be done or not done in respect to any transaction contemplated by the Proposal or otherwise required to be done in connection with the legal obligations in respect to the Offer; or
- (h) an event or matter which MEO fully and fairly disclosed in an announcement made to the ASX prior to the Announcement Date.

9. Change in Control

Between the Announcement Date and the end of the Offer Period (each inclusive), no person exercises or purports to exercise, states an intention to exercise, or has any rights (whether subject to conditions or not) under any provision of any agreement or other instrument to which any MEO Group Entity is a party, or by or to which any MEO Group Entity or any of their assets may be bound or subject, which could result, to any extent which is material in the context of the MEO Group taken as a whole, in:

- (a) any such agreement or other instrument being terminated, varied or modified or any action being taken or arising thereunder;
- (b) the interest of any MEO Group Entity in any firm, joint venture, trust, corporation or other entity (or any arrangements in relation to such interest) being terminated, varied or modified; or
- (c) the business of any MEO Group Entity with any other person being adversely affected,

as a result of the Offer or the acquisition of MEO Shares by Mosman.



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10. No Litigation

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against any MEO Group Entity which could reasonably be expected to give rise to a liability for the MEO Group in excess of A\$1,000,000 is commenced, is threatened to be commenced, announced, or made known to Mosman (whether or not becoming public) or MEO, other than that which has been fully and fairly disclosed to the ASX by MEO prior to the Announcement Date.

11. Dividend Distributions

Between the Announcement Date and the end of the Offer Period (each inclusive), MEO does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

12. No Prescribed Occurrences

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following events occurs:

- (a) MEO converts all or any of MEO Shares into a larger or smaller number of MEO Shares;
- (b) any MEO Group Entity resolves to reduce its share capital in any way;
- (c) any MEO Group Entity enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) any MEO Group Entity issues shares or grants an option over any of its shares or agrees to make such an issue or grant such an option other than the issue of any shares in accordance with the exercise of MEO Options or MEO Performance Rights issued or granted prior to the Announcement Date;
- (e) any MEO Group Entity issues, or agrees to issue, convertible notes;
- (f) any MEO Group Entity disposes or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) any MEO Group Entity grants, or agrees to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (h) any MEO Group Entity resolves that it be wound up;
- (i) a liquidator or provisional liquidator of any MEO Group Entity is appointed;
- (j) a court makes an order for the winding up of any MEO Group Entity;
- (k) an administrator of any MEO Group Entity is appointed under section 436A, 436B or 436C of the Corporations Act;



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- (l) any MEO Group Entity executes a deed of company arrangement; or
- (m) a receiver, or receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of any MEO Group Entity.

13. Quotation of Mosman Shares

Within seven days of the start of the Offer Period, Mosman makes an application for the Mosman Shares to be issued to MEO's shareholders pursuant to the Proposal to be admitted to trading on AIM and application is granted no later seven days after the end of the Offer Period.



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Definitions

In this Annexure A, the following terms have the following meanings unless the context otherwise requires:

AIM	the AIM market of the London Stock Exchange plc.
AIM Rules	the AIM Rules for Companies published by the London Stock Exchange plc, as amended from time to time which set out the rules, responsibilities and guidance notes in relation to companies whose shares are admitted to trading on AIM.
Announcement Date	11 December 2014, the date the Proposal is announced on AIM.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Court	such court of competent jurisdiction under the Corporations Act agreed to in writing by Neon and MEO.
Government Agency	any government or any governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.
MEO	MEO Australia Limited ABN 43 066 447 952.
MEO Group	MEO and each of its subsidiaries and controlled entities.
MEO Group Entity	any member of the MEO Group.
MEO Option	an option granted by MEO to acquire or subscribe for an unissued MEO Share, including options granted pursuant to MEO's long term incentive plan approved at the annual general meeting of MEO held on 15 November 2012.
MEO Performance Right	a right granted by MEO to acquire or be issued an unissued MEO Share for nil consideration in accordance with the terms of MEO's long term incentive plan approved at the annual general meeting of MEO held on 15 November 2012.
MEO Share	a fully paid ordinary share in the capital of MEO.
Merger Implementation Agreement	the merger implementation agreement dated 5 November 2014 between MEO and Neon (as varied or amended).
Mosman	Mosman Oil and Gas Limited ACN 150 287 111.



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Mosman Share	a fully paid ordinary share in the capital of Mosman.
Neon	Neon Energy Limited ABN 49 002 796 974.
Neon Scheme	(a) the scheme of arrangement under Part 5.1 of the Corporations Act between MEO and its shareholders contemplated by the Merger Implementation Agreement; or (b) any arrangement, agreement or understanding between Neon and MEO analogous to or of a similar effect to anything described above.
Offer Period	the period during which the offers made under the Offer remain open for acceptance.
Offer	the offer for MEO Shares to be made by Mosman pursuant to a bidder's statement to be sent to MEO's shareholders by Mosman.
Proposal	the proposed takeover bid by Mosman of 100% of MEO Shares pursuant to Chapter 6 of the Corporations Act.
Relevant Interest	has the meaning given in section 9 of the Corporations Act.
Security Interest	has the meaning given in section 12 of the <i>Personal Property Securities Act 2009</i> (Cth).
Third Party	a party other than MEO, Mosman or any of their subsidiaries or controlled entities.