

MEOAustralia

energy for the future

MEO Investor Presentation: Recommendation to **REJECT** Mosman Takeover

March 2015



Disclaimer I:

Forward-looking Statements and Resources

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Contingent and Prospective Resources: The information in this Target's Statement that relates to Contingent Resources and Prospective Resources for MEO is based on, and fairly represents, information and supporting documentation compiled by Peter Stickland, the Chief Executive Officer of MEO. Mr Stickland B.Sc (Hons) has over 20 years of relevant experience, is a member of the European Association of Geoscientists & Engineers and the Petroleum and Exploration Society of Australia, and consents to the publication of the resource assessments contained herein. The Contingent Resource and Prospective Resource estimates are consistent with the definitions of hydrocarbon resources that appear in the Listing Rules. Conversion factors: 6 Bscf gas equals 1 MMboe; 1 bbl condensate equals 1 boe



Disclaimer II:

Risks associated with an investment in MEO

Since the Mosman Announcement Date, the MEO Share price has fluctuated between \$0.025 and \$0.012, and closed at \$0.014 on 23 February, being the last practicable date prior to the finalisation of the MEO Target's Statement.

If the Mosman Offer is unsuccessful and no other offers emerge, MEO's share price may fluctuate and MEO Shareholders will continue to be exposed to the ongoing risks associated with an investment in MEO. In particular:

Drilling risk: Drilling operations are high-risk and subject to hazards normally encountered in exploration, development and production. Although it is intended to take adequate precautions to minimise risk, there is a possibility of a material adverse impact on the MEO Group's operations and its financial results should any of these hazards be encountered.

Exploration risk: Development of the MEO Group's petroleum exploration properties is contingent upon securing funding and obtaining satisfactory exploration results. Petroleum exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. There is no assurance that commercial quantities of petroleum will be discovered on the MEO Group's exploration properties. There is also no assurance that, even if commercial quantities of petroleum are discovered, a particular property will be brought into commercial production.

Reserves and resources: Estimates of Reserves, and Contingent Resources and Prospective Resources are not precise and no assurance can be given that Reserves, Contingent Resources and Prospective Resource estimates will be recovered during production.

Commodity price risk: The current and future profitability of the MEO Group's operations is directly related to the market price of commodities, in particular oil. Commodity prices may substantially impact on the economics of projects and, hence, on exploration and development programs. Decreases in commodity prices could adversely affect the MEO Group, including its ability to finance the development of its projects.

Country risk: The MEO Group operates in foreign jurisdictions including Cuba and New Zealand. As a result, the MEO Group is exposed to the political, economic and other risks and uncertainties associated with operating in such countries. These risks and uncertainties may be unpredictable and could adversely affect the value of the assets or future financial performance of the MEO Group.

Joint ventures: The MEO Group participates in several joint venture arrangements and may enter into further joint ventures. Although the MEO Group has sought and will continue to seek to protect its interests, existing and future joint ventures necessarily involve special risks. Where projects and operations are controlled and managed by the MEO Group's partners, the MEO Group may provide expertise and advice but it has limited control with respect to compliance with its standards and objectives.

Permits and tenure: All licences and permits in which the MEO Group has an interest are subject to renewal conditions or are yet to be granted, which will be at the discretion of relevant Ministries in each country. There is no assurance that such approvals will be granted as a matter of course and there is no assurance that new conditions will not be imposed in connection with such grant or renewal.

Please refer to section 8.1 of MEO's Target's Statement dated 25 February for further details of the risks involved with an investment in MEO.

MEO Corporate snapshot

New CEO appointed December 2014



Board of Directors

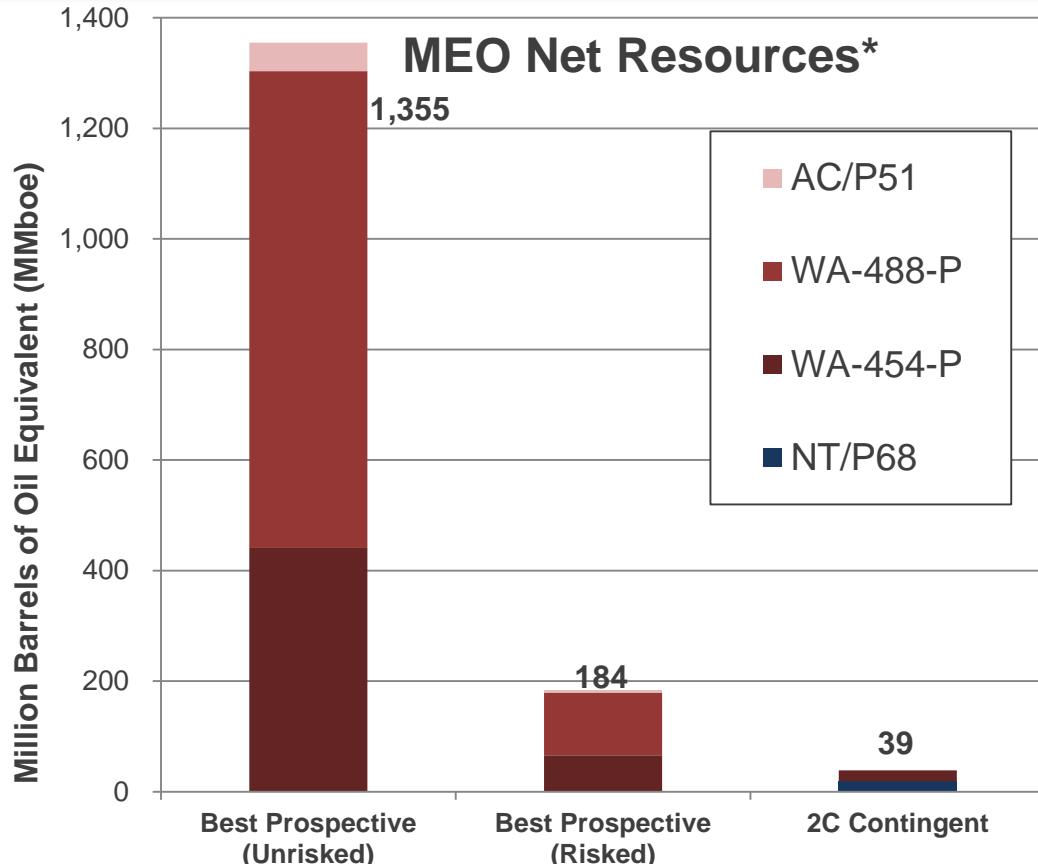
- Greg Short (Non-Exec Chairman)
- Peter Stickland (MD & CEO)
- Stephen Hopley (Non-Exec Director)

Portfolio

- Over 1.3 billion barrels of oil equivalent prospective resources (unrisked)
- 8 Australian/NZ exploration permits
- Cuba PSC pending
- Tassie Shoal Methanol and LNG projects
- Active new ventures program with bids submitted

| | | |
|---|---------------|--------------|
| Share Price (ASX: MEO) | (27 Feb) | \$0.014 |
| Issued shares | (million) | 750.5 |
| Market Capitalisation (at 27 Feb) | (A\$m) | \$10.5 |
| Cash & Cash Equivalents (31 Dec) | (A\$m) | \$9.7 |
| Implied Enterprise Value | (A\$m) | \$0.8 |
| Shareholders (Top 20: 22.3%) | # | ~8,300 |

* (as at 30/6/14, adjusted only for relinquishments & equity changes)



Prospective Resources Cautionary Statement: 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. Future exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Mosman Unsolicited Takeover Offer

Directors Recommendation to MEO Shareholders: **REJECT**



Why:

- Mosman has limited cash and its ability to continue as a going concern is uncertain
 - As at the date of the Replacement Bidder's Statement, Mosman had a cash balance of approximately \$2 million
- When announced, the revised Mosman Offer represented a discount of approximately 18.8% to the MEO Share closing price and the Mosman Share price has since been volatile
 - Mosman Share price has fluctuated between 3.875 pence and 13.75 pence*
- Mosman may issue up to 21.1 million more Mosman Shares before 30 September 2015, diluting shareholders to an unknown extent
- The Mosman Offer is highly conditional, opportunistic and uncertain

See MEO Target Statement dated 25 February 2015 for more information

MEO Strategic Objectives and Enablers

Fresh leadership, focused on managing costs & delivering value



Strategic Objectives

1. Create shareholder value through successful oil and gas exploration
 - *Farm down or partially divest assets to fund activities*
2. Progress commercialisation of Tassie Shoal Methanol/LNG projects
3. Balance portfolio by securing a producing asset
4. Consider corporate strategic options

Enablers

- Existing quality portfolio
- Strong core competencies of MEO team
- Financial discipline
- Risk management
- Prequalified in multiple international jurisdictions

"We recommend rejecting the Mosman takeover offer in order to ensure that MEO shareholders have the opportunity to fully capture the potential value of MEO's asset portfolio"

Peter Stickland, MD & CEO

Recent Initiatives

- Recommend Reject Mosman Takeover Offer
- Reducing overheads by 60% compared to 2014 Financial Year
- Exit Blackwood (NT/P68) to reduce medium term cash drain
- Farming down equity stake in WA-488-P from 100% to 70% (see slide 11)
- Seek corporate strategic options that enhance MEO shareholder value

MEO Investment Highlights

Diverse, high impact portfolio with active Business Development program



High Impact Exploration Portfolio

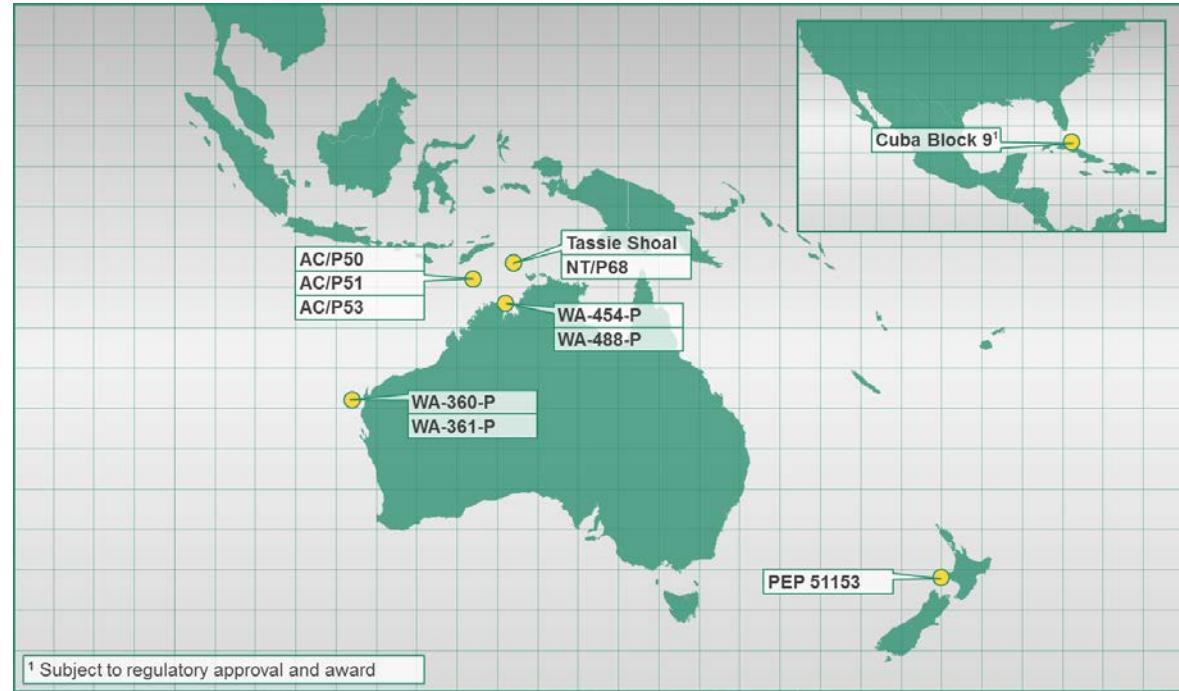
- Over 1.3 billion barrels of oil equivalent prospective resources (unrisked)*
- WA-454-P (Breakwater)
- WA-488-P (Beehive)
- NZ (Shannon – potential 2015 drilling)

Tassie Shoal

- Pursuing gas purchase as project enabler
- 100% ownership of Heron field

Business Development Initiatives

- Negotiated PSC terms - Cuba Block 9
- Low entry cost exploration opportunities
- Targeting producing asset



Focus on Costs & Manage Commitments

- Seek to delay WA-488-P (Beehive) well commitment to allow for potential 3D seismic survey

MEO Indicative Activity Schedule

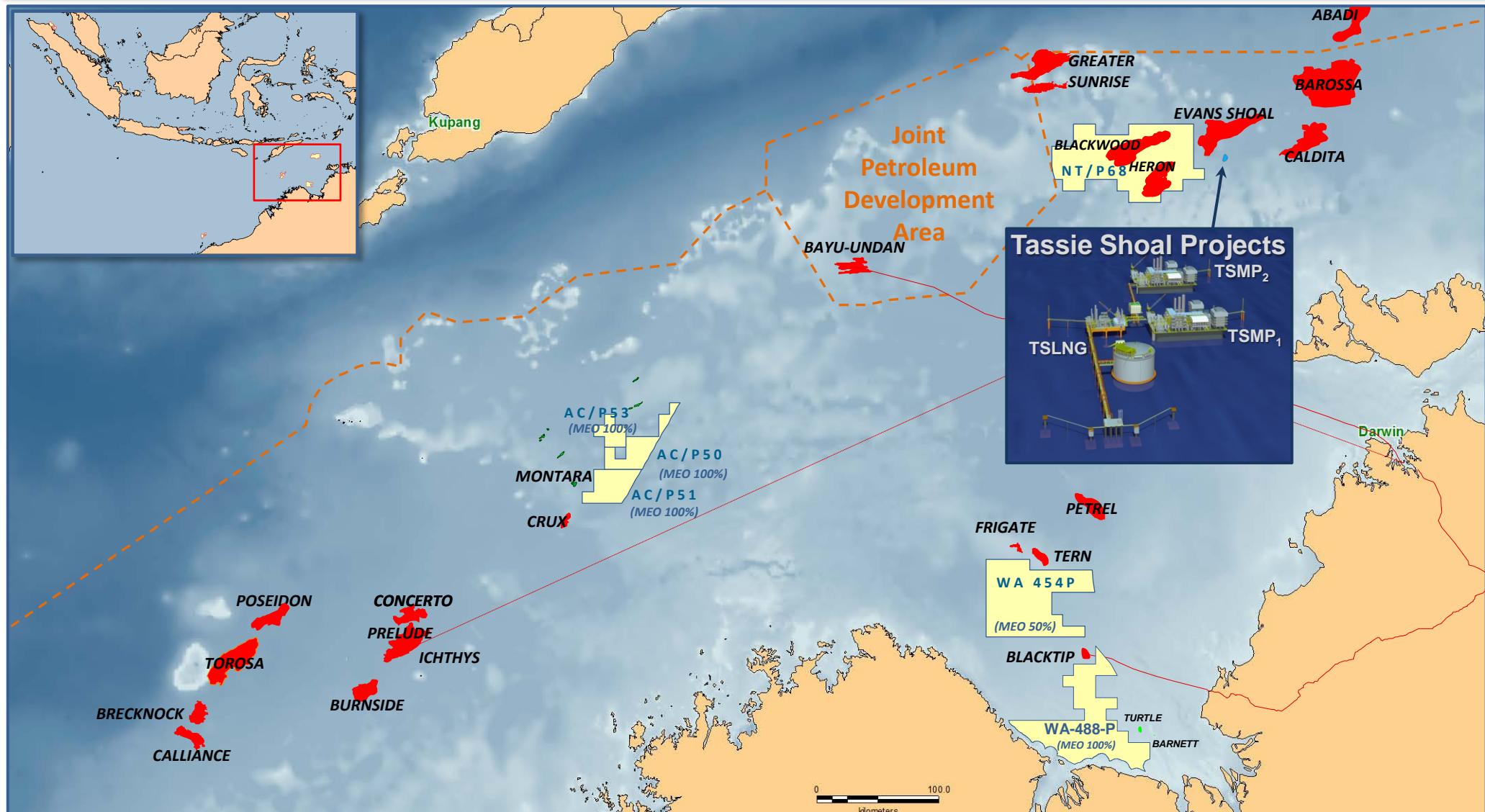
Actively managing program to optimize value



| Permit Activity | 2015 | | | | 2016 | | | | 2017 | | | |
|--|------|----|----|----|------|----|----|----|------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| New Zealand (PEP 51153) | | | | | | | | | | | | |
| Joint Farmout Process | | | | | | | | | | | | |
| Potential Shannon-1 drilling | | | | | | | | | | | | |
| Breakwater (WA-454-P) | | | | | | | | | | | | |
| Farmout | | | | | | | | | | | | |
| Breakwater-1 Drilling | | | | | | | | | | | | |
| Beehive (WA-488-P) | | | | | | | | | | | | |
| Farmouts | | | | | | | | | | | | |
| Apply for deferral of well commitment | | | | | | | | | | | | |
| 3D Seismic | | | | | | | | | | | | |
| Beehive-1 Drilling | | | | | | | | | | | | |
| Vulcan (AC/P50 & AC/P51) | | | | | | | | | | | | |
| Put Farmout Option in place | | | | | | | | | | | | |
| Apply for permit renewal | | | | | | | | | | | | |
| Heron (NT/P68) | | | | | | | | | | | | |
| Heron Resource Assessment | | | | | | | | | | | | |
| JV suspends and splits Permit | | | | | | | | | | | | |
| Apply for permit renewal (Heron only) | | | | | | | | | | | | |
| Tassie Shoal Project | | | | | | | | | | | | |
| Gas Supply Discussions | | | | | | | | | | | | |
| Cuba (Block 9) | | | | | | | | | | | | |
| Regulatory Approval and Award | | | | | | | | | | | | |
| Data gathering, studies and reprocessing | | | | | | | | | | | | |

Northern Australia acreage

4 discrete upstream projects adjacent to proven hydrocarbons



WA-454-P: Breakwater prospect

MEO 50% partly carried. Aiming to farm down to cover well cost



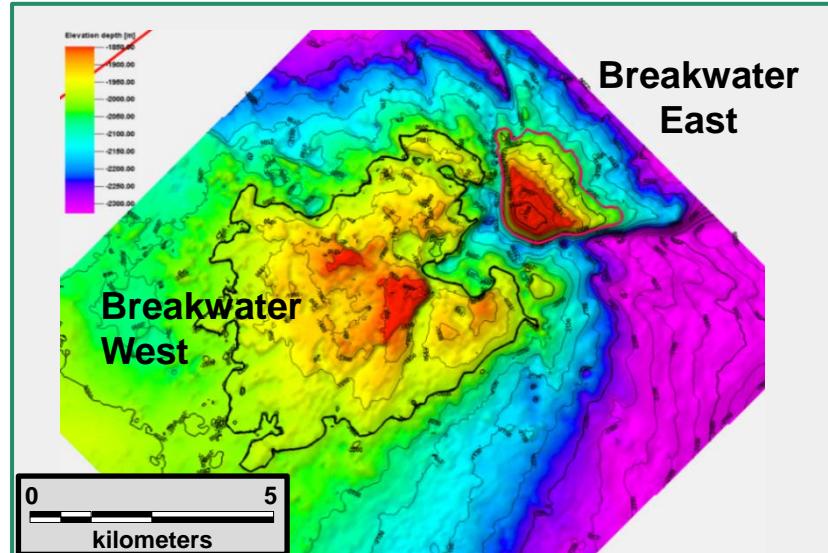
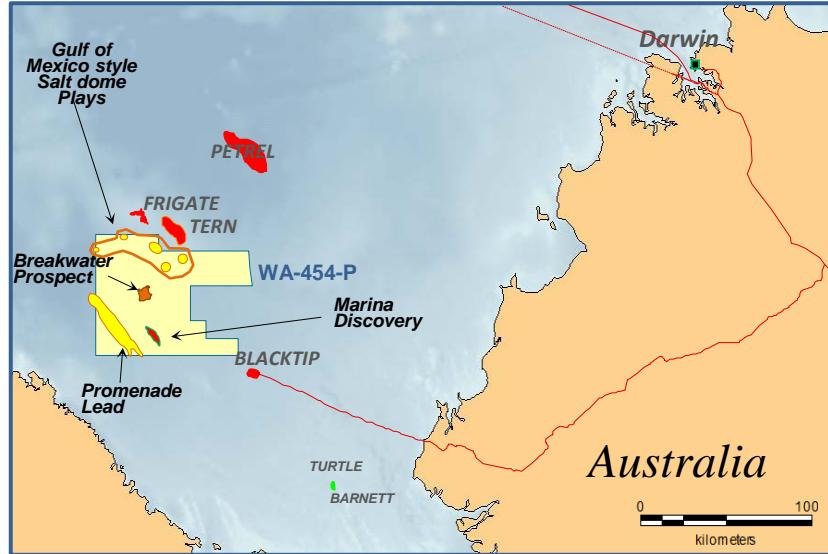
Farmed out 50% to Origin in 2013 for:

- \$5.6m cash PLUS
- 80% of Breakwater-1 (~A\$35m well cost cap)

- Multiple prospects, near existing infrastructure
- Suitable for lower cost jack-up drilling rig
- Multiple paths to commercialisation

Near term activities:

- Seek to farm down 20-30% interest
- Potential drilling in late 2015- mid 2016 subject to rig availability



Prospective Resources (100%)*

| Breakwater West | CoS | Low | Best | Mean | High |
|------------------------------|------------|----------|-----------|-----------|-----------|
| Gas (Bscf) | | 196 | 708 | 765 | 1,394 |
| Condensate (MMstb) | | 1 | 6 | 11 | 25 |
| Oil (MMstb) | | 4 | 16 | 18 | 33 |
| Total Liquids (MMstb) | 29% | 5 | 22 | 28 | 59 |

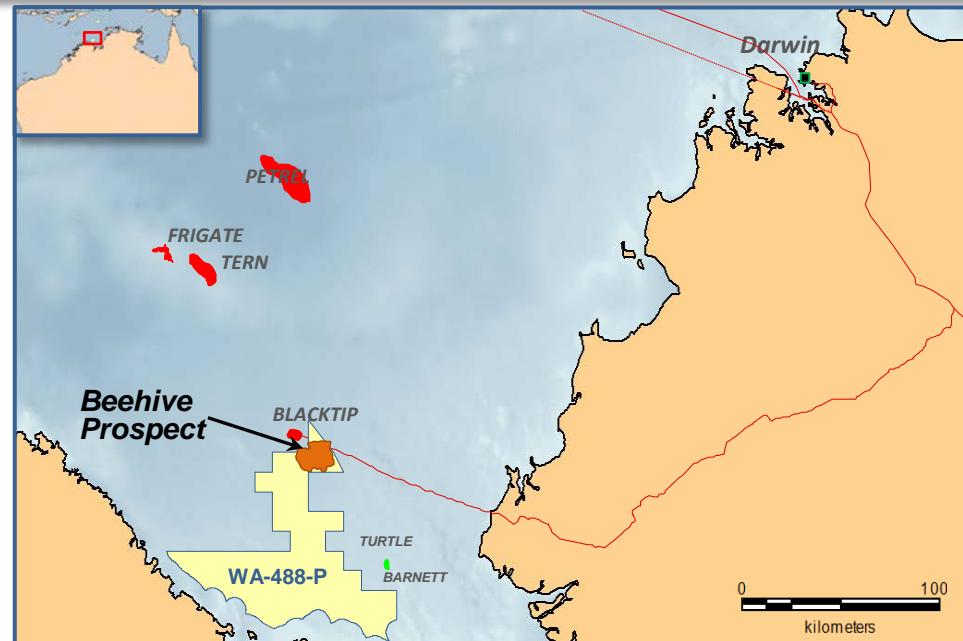
* See Prospective Resources Cautionary Statement on page 4

WA-488-P (MEO 100%, farming down to 70%)



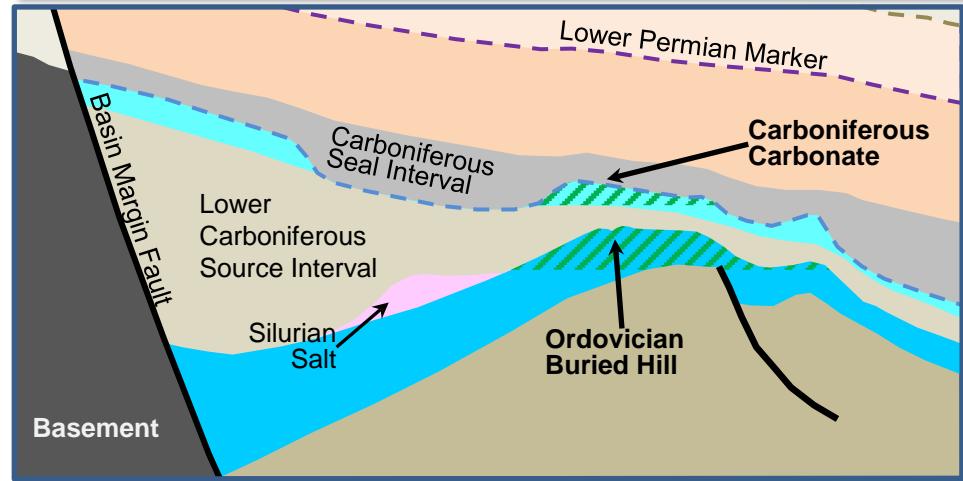
Contains giant Beehive dual objective oil prospect

- Suitable for lower cost jack-up drilling rig
- Farmout* to international explorer defines potential path to funding
 - 30% working interest
 - Provision to increase equity by 10% by funding 3D seismic
 - Provision to increase equity by 40% by funding drilling of Beehive-1
 - If provisions are utilised, MEO will have a fully carried 20% of Beehive-1



Near term activities:

- Execute final farmout documents
- Seek to farm down further up to 50% interest to fund MEO's share of activities
- Seek to defer well obligation to 2016/17 to allow time for 3D seismic



AC/P50 & AC/P51 (MEO 100%)

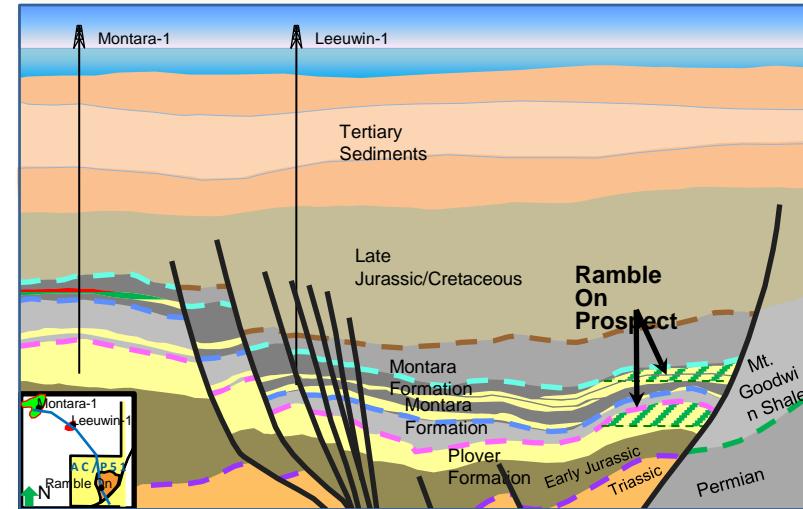
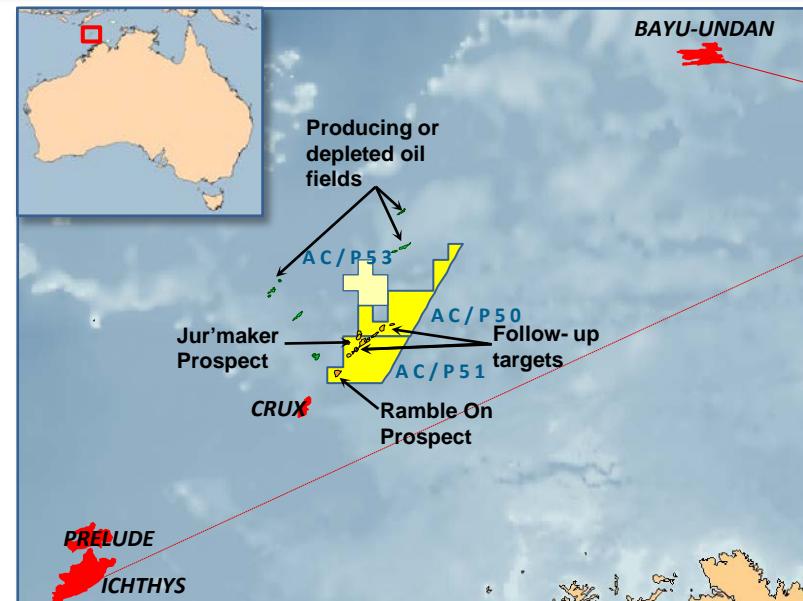
Multiple oil targets in proven petroleum system



- Suitable for lower cost jack-up drilling rig
- Ramble On and Jur'maker oil prospects identified in proven petroleum system defined on modern 3D seismic data
- Option agreement signed for farminee to obtain 30% participating interest

Near term activities:

- Farminee is undertaking additional studies ahead of decision to exercise option
- Renewal underway for both permits including mandatory 50% relinquishment. Expect to resolve by April 2015
- MEO intends to relinquish if can't negotiate moderate 3 year work program with regulator



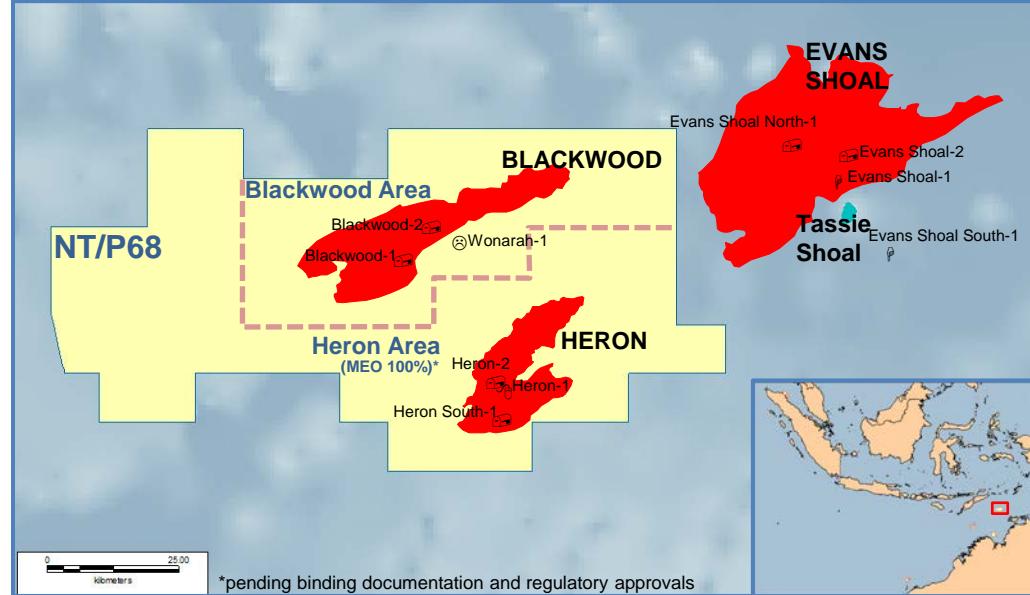
NT/P68: Blackwood & Heron gas accumulations



MEO focusing on 100% retained interest in Heron field

Heron gas discovery (MEO 100%)

- Heron-2 (2008) flowed gas at 6 MMscfd
- Heron South-1 (2012) intersected 131 metres of dry gas but flowed at low rates
- MEO resuming operatorship and will undertake resource assessment



Blackwood Area

- Blackwood-2 (2013) disappointing; tight reservoir, failed to flow gas
 - Too small (<0.5Tcf, 2C resource) to support Tassie Shoal Methanol Project
 - No path to near term commercialisation
- Exited Blackwood area to eliminate high holding costs



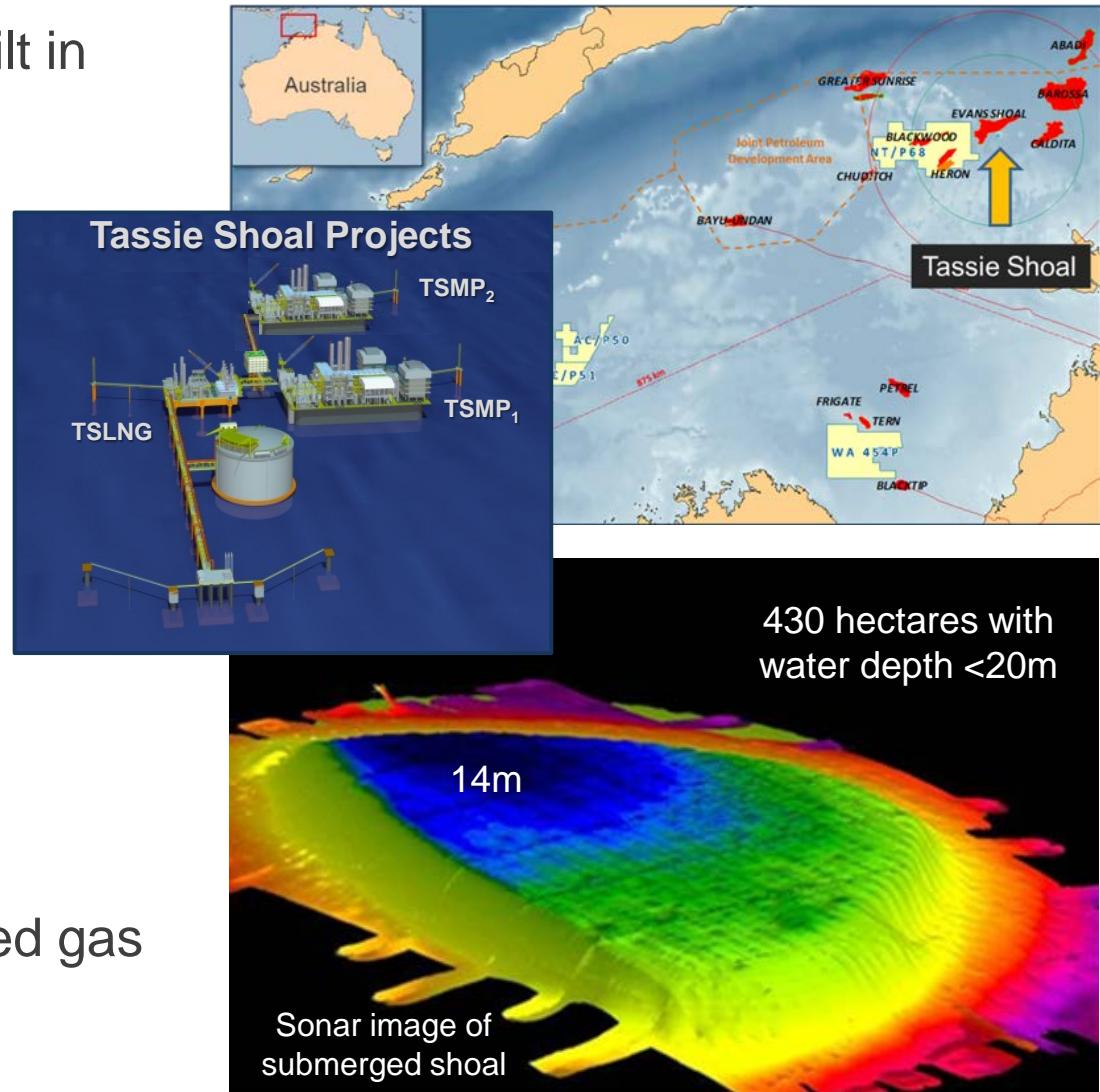
Heron-2 flare while testing gas



Tassie Shoal Projects

Shallow water, low cost development paths for regional stranded gas

- **Methanol:** 2 of 1.75MTA plants, built in two stages (TSMP₁ & TMSP₂)
- **LNG:** 3MTA LNG plant (TSLNG)
- Federal & State Government Environmental approvals in place
- Major Project Facilitation status
- Established relationships with key technology providers
- Detailed pre-FEED cost estimates
- Surrounded by regional undeveloped gas





Tassie Shoal Projects

Commercial framework progressing to support commercialisation

Methanol

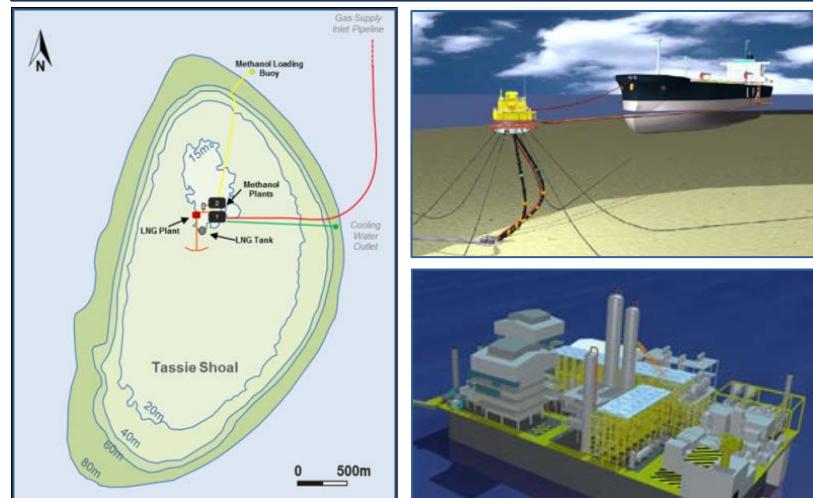
- Offtake Letters of Intent signed with three multinational buyers
- Indicative purchase offers made at US\$3.15MMBTU to purchase raw gas (including CO₂)

LNG

- Significant cost advantage of over land based and FLNG alternative developments
- Potential to use in combination with TSMP to commercialise low CO₂ streams of gas
- Lowest cost development option for stranded Sunrise resource

Near Term Activity: Focus on gas supply

- **Evans Shoal:** Discussions planned Q2 2015
- **Barossa:** Pending current appraisal drilling
- **Heron:** MEO updating technical evaluation

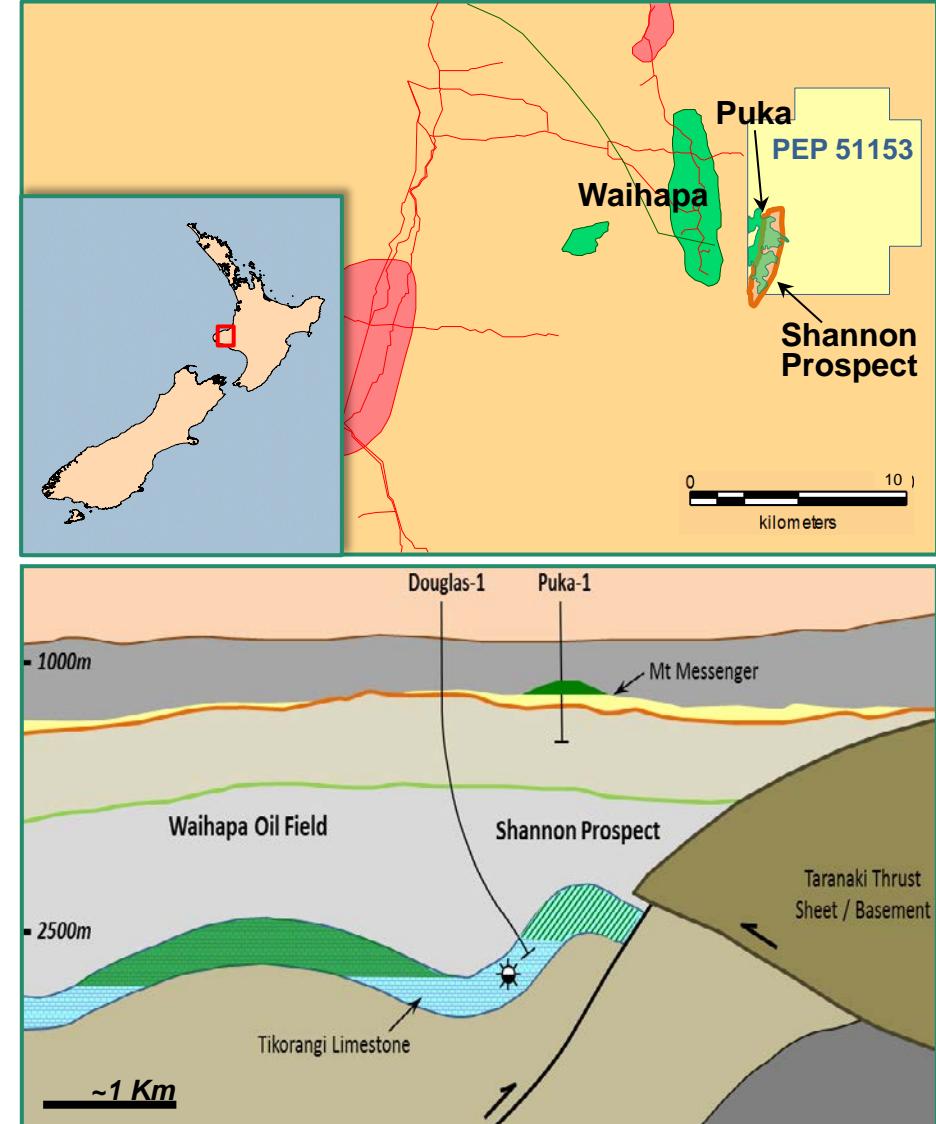


New Zealand: Production & Exploration



PEP51153 (MEO 30%)

- Puka oil accumulation
 - Produced at 110-115 barrels/day under long term test before shut-in January 2015 due to mechanical problem and low oil price
- Exploration potential
 - Shannon prospect identified, analogous to nearby Waihapa oil field (23+ MMstb produced)
 - Moderate objective depth (2,700m), drillable from existing Puka location
 - Large structural trap with crest of structure 350 metres updip of oil shows in Douglas-1



Near Term Activities:

- Joint farmout process underway
- Potential Shannon-1 drilling second half 2015

Cuba: Block 9 PSC

Oil rich area with low cost, initial 18 month commitment



- MEO has agreed terms for entry to an onshore exploration PSC in the Republic of Cuba
- Award of Block 9 PSC (MEO 100%) is subject to final regulatory approval (anticipated Q2 '15)
- Block 9 contains natural oil seeps and has several small oil discoveries
- Initial low commitment to 18 month studies period



Why Cuba?

- Established oil industry with large undiscovered potential
 - Varadero field: >5 Billion Barrels OOIP
- Geology similar to MEO staff experience
- Opportunity to apply latest exploration technology ahead of competitors
- US has announced moves to “begin to normalize relations”



Summary and Way Forward

New leadership & diverse paths to growth



- High Impact Exploration Portfolio
 - >1.3 billion barrels of oil equivalent (best estimate) Prospective Resources (un-risked)*
 - 38 MMboe 2C contingent resources
 - Potentially drill Shannon-1 later in 2015, Breakwater-1 late 2015 to mid 2016
- Execute program at low cost to shareholders
 - Farming down WA-488-P
 - Seek to farm down other exploration permits
 - Secure gas resources for Tassie Shoal Projects
 - Capture low cost, high impact opportunities, such as Cuba
- Focus on Costs & Manage Commitments
 - Significantly reduced overheads going forward
 - Seek to delay WA-488-P (Beehive) well commitment to allow for potential 3D seismic survey
- Continue to identify and screen asset & corporate opportunities
 - Focus on securing production, if available on right terms
 - Consider corporate strategic options