



**MEO**Australia  
energy for the future

# Investor Presentation

May 2015



## 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.



## 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.

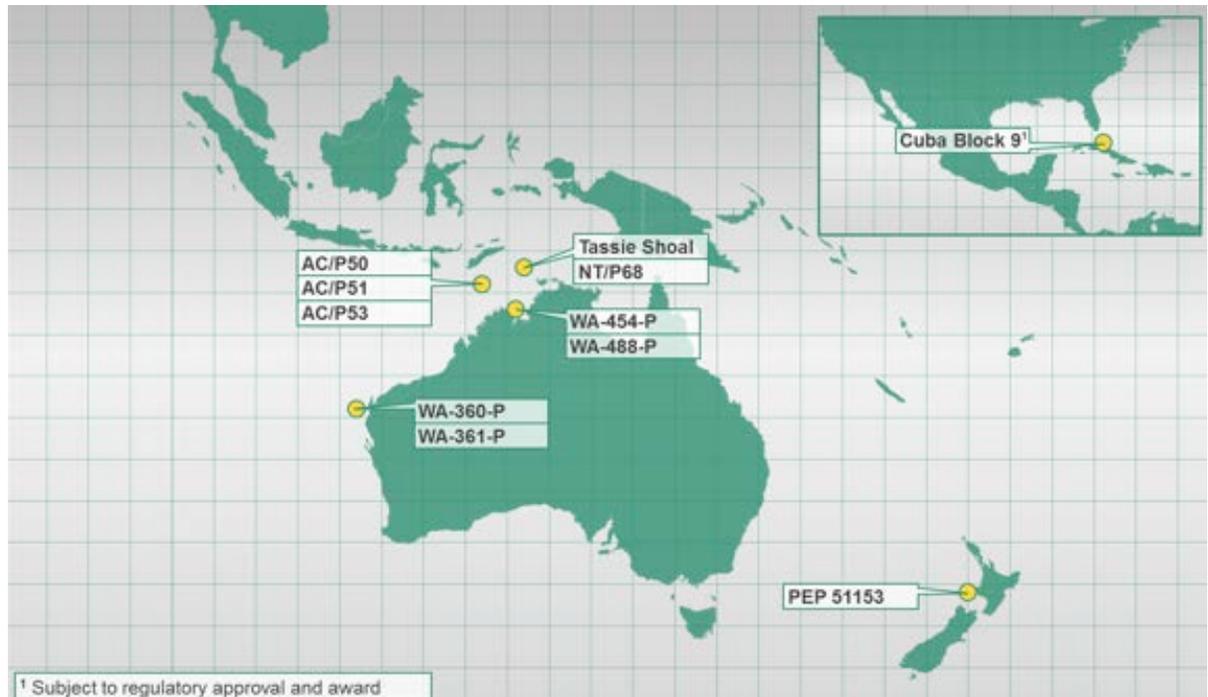
# Company Overview



- Independent ASX-listed oil and gas company
- High impact portfolio of projects in Australia, NZ and potentially Cuba
- Revamped Strategy under new MD focused on risk managed exploration and strict financial discipline
- Material near term news flow in Cuba and Australia/NZ

## ASX: MEO

Share Price*	\$0.018
Shares On Issue	750.5m
Market Capitalisation	\$13.5m
Net Cash Position (31/3/15)	\$7.2m



\* as at 26 May 2015



# People, Investment Highlights & Strategy

# Board & Management



New leadership under MD Peter Stickland

## Board of Directors



**Greg Short**  
Non-Executive  
Chairman



**Peter Stickland**  
Managing Director  
& CEO



**Stephen Hopley**  
Non-Executive  
Director

## Senior Team



**Colin Naylor**  
CFO &  
Company  
Secretary



**Robert Zammit**  
Exec Manager –  
Commercial & BD



**Errol Johnstone**  
Chief Geoscientist



**Dean Johnstone**  
Senior  
Geoscientist

# Investment Highlights

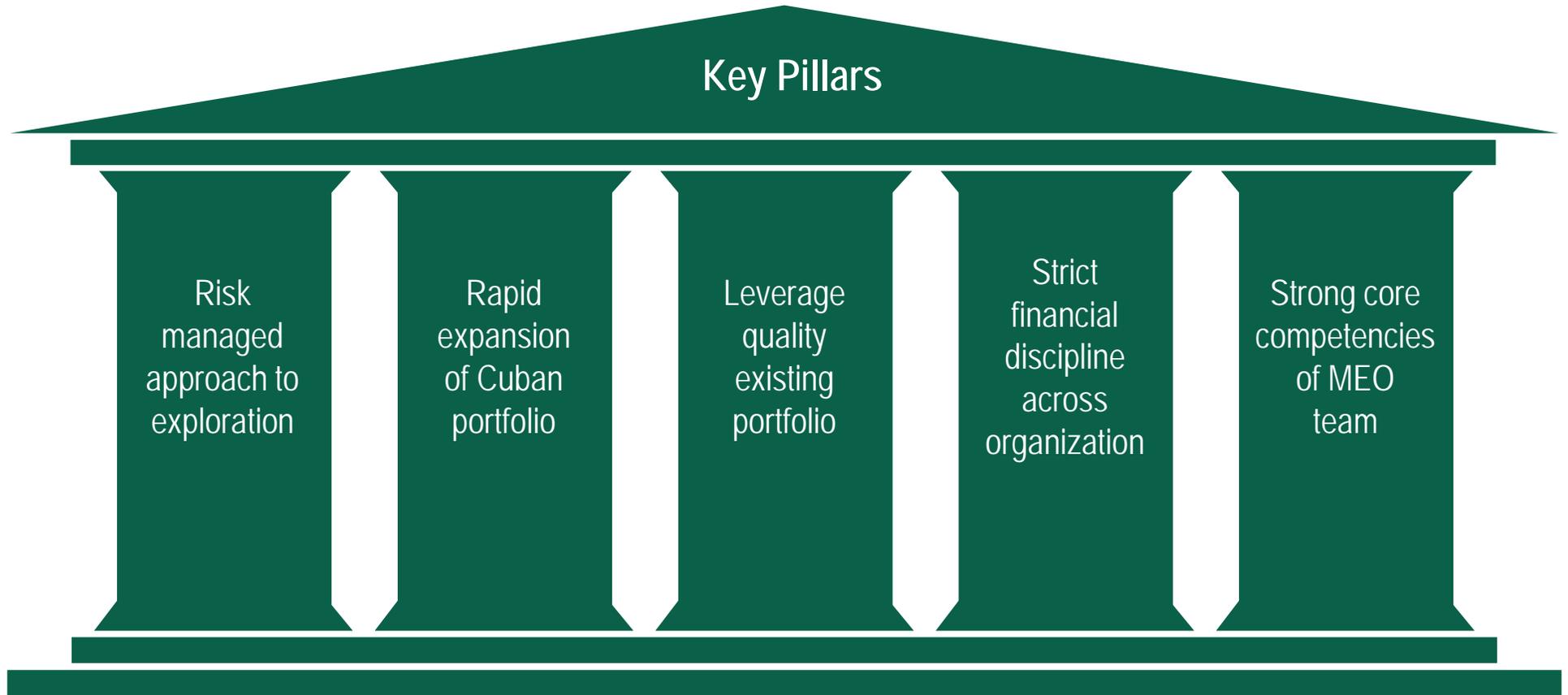


- ✓ Revitalised business and refocused strategy under new leadership
- ✓ High impact and undervalued exploration asset portfolio
- ✓ Material near term value drivers from Australian & NZ assets
- ✓ Long term potential value from Tassie Shoals project
- ✓ Pre-qualified Operator in multiple international jurisdictions
- ✓ Unique Cuban leverage with early mover advantage

# Focused Strategy



Fresh leadership, focused on managing costs & delivering value



# Immediate Action Taken



Reshaped and refocused business under new MD Peter Stickland

## Key actions

-  Exit Blackwood (NT/P68) as part of portfolio discipline
-  Vary permit commitments to provide greater flexibility
-  Farming down equity stake in WA-488-P from 100% to 70% (see slide 13)
-  Reducing overheads by 60% compared to 2014 Financial Year
-  Unanimous Board Member Rejection of Mosman Takeover Offer
-  Seek corporate strategic options to enhance shareholder value



# Australian & NZ Asset Portfolio

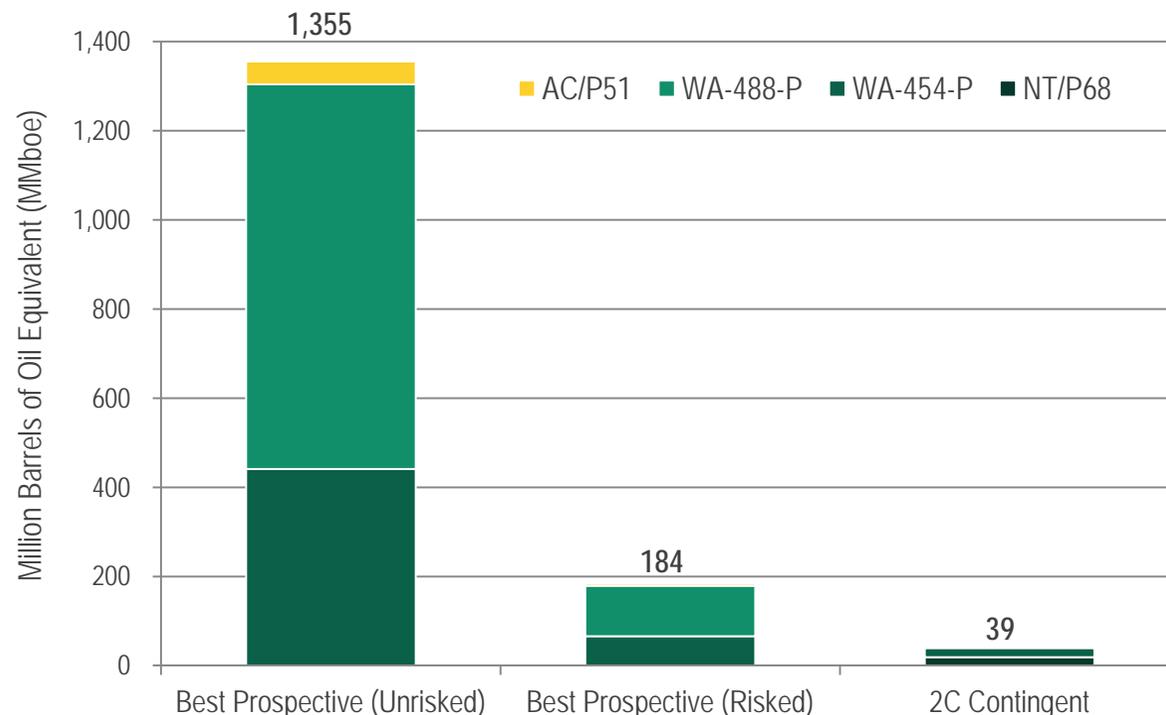
# Portfolio Overview



## Diverse, high impact portfolio

- Over 1.3 billion barrels of oil equivalent prospective resources (unrisked)
- 9 Australian/NZ exploration permits
- Tassie Shoals methanol and LNG project potential value
- Active new ventures program with bids submitted
- Potential Shannon well in NZ provides major potential near-term value driver

## MEO Net Resources

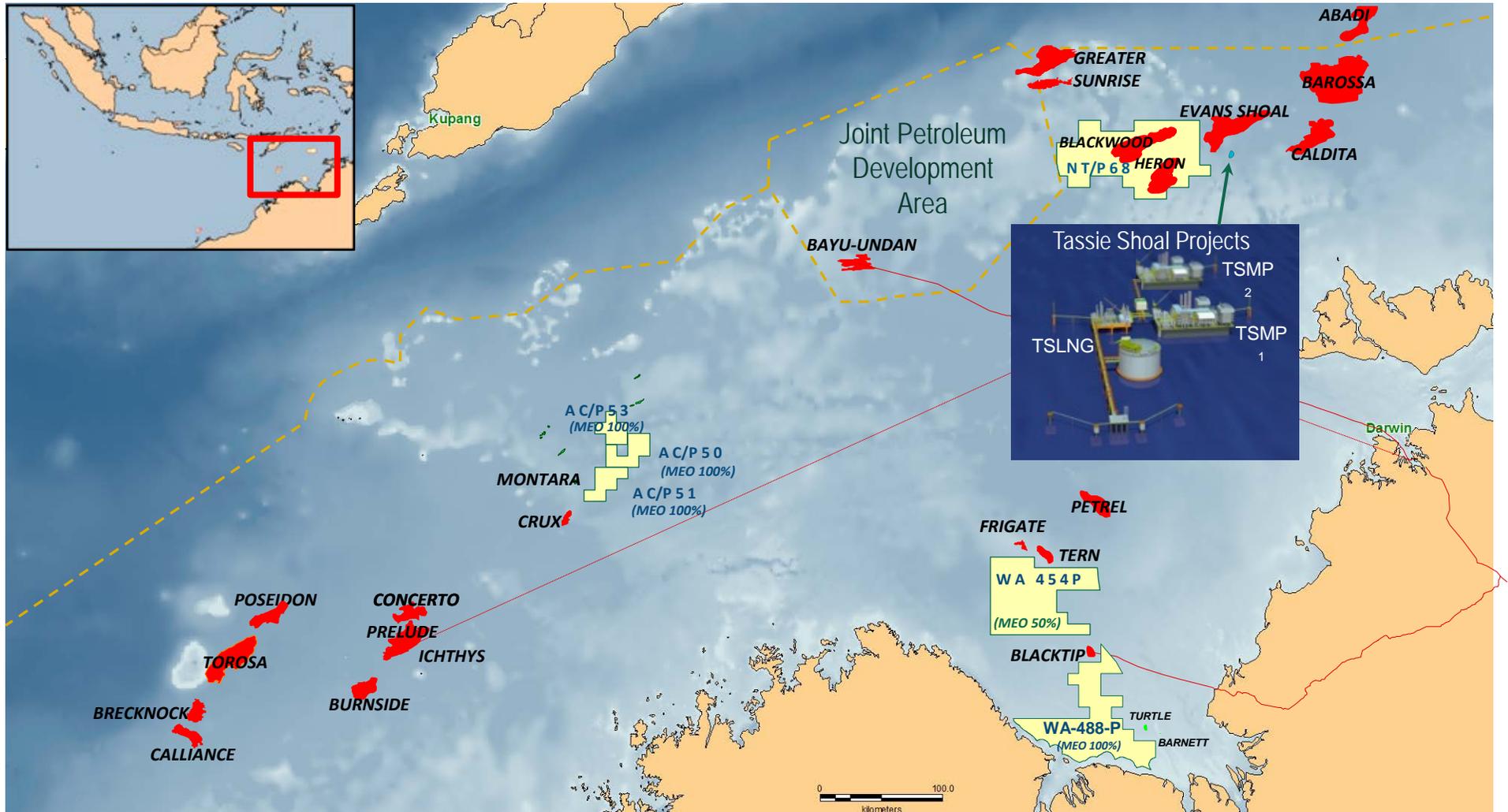


**Prospective Resources Cautionary Statement:** The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Future exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

# Northern Australia Acreage



Discrete upstream projects adjacent to proven hydrocarbons



# WA-488-P (MEO 70%): Beehive Prospect



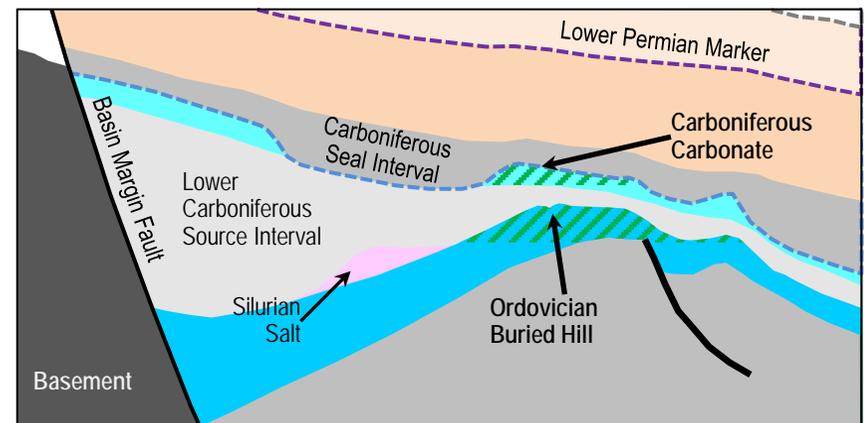
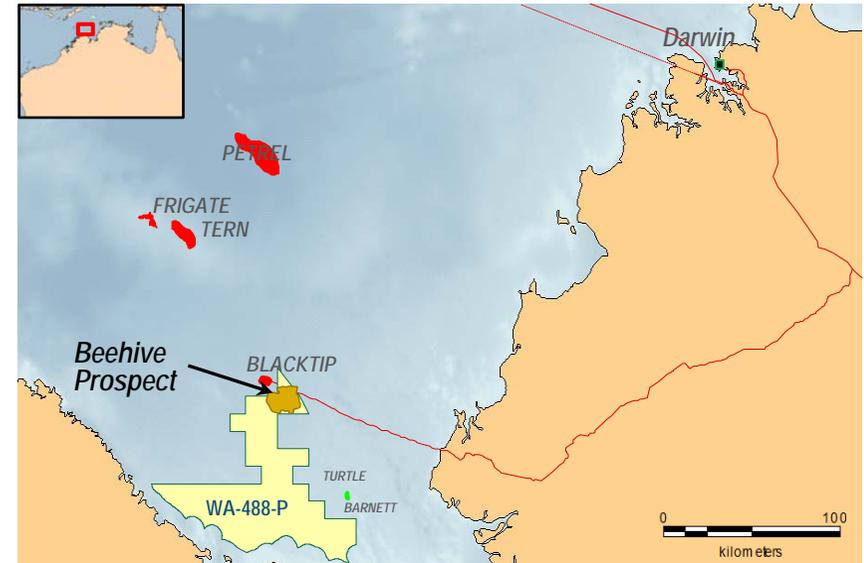
## Giant Beehive dual objective oil prospect

- Shallow water, suitable for lower cost jack-up drilling rig
- Farmout to Rex International Holding defines potential path to funding
  - 30% working interest
  - Provision to increase equity by funding 3D seismic
  - Provision to increase equity by funding drilling of Beehive-1
  - If provisions are utilised, MEO will have a fully carried 20% of Beehive-1
- Developable by FPSO or pipeline



## Near term activities

- Determine whether to proceed with 3D seismic
- 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



# WA-454-P (MEO 50%): Breakwater Prospect



MEO 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

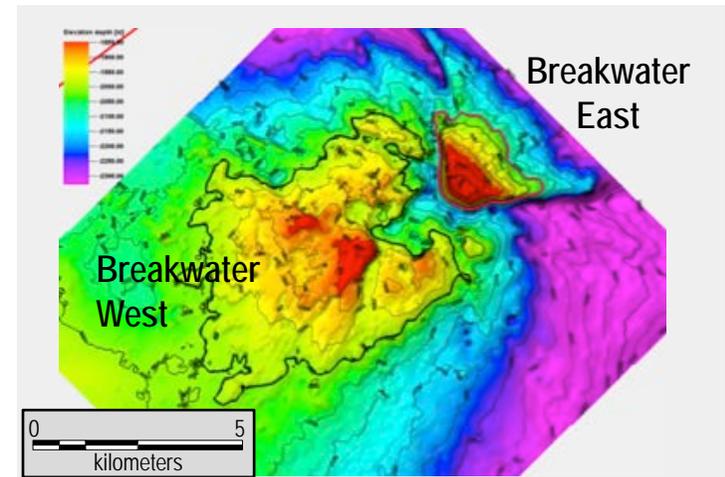
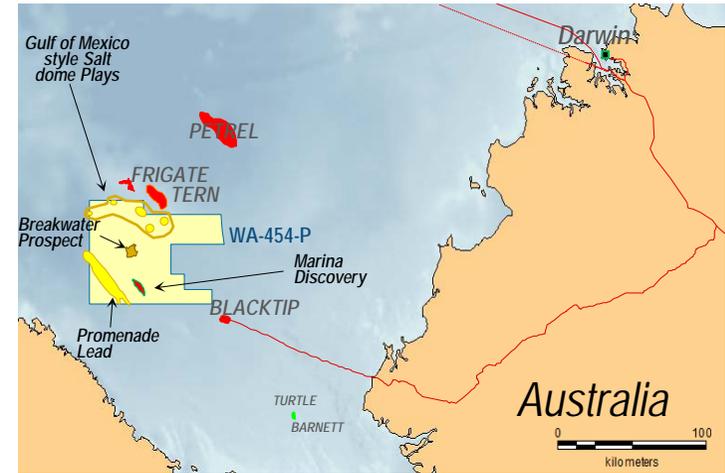
## Near term activities

- Seek to farm down 30% interest
- Breakwater-1 drilling prior to Q4 2017 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
<b>Total Liquids (MMstb)</b>	<b>29%</b>	<b>5</b>	<b>22</b>	<b>28</b>	<b>59</b>

\* See Prospective Resources Cautionary Statement on page 11



# NT/P68: Blackwood & Heron Gas Accumulations



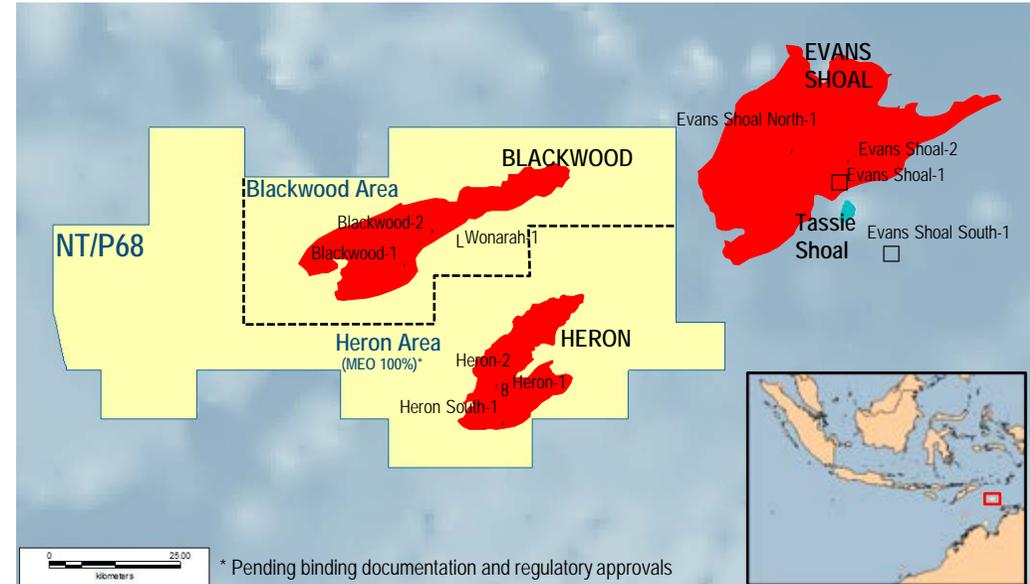
MEO focusing on 100% retained interest in Heron field

## 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



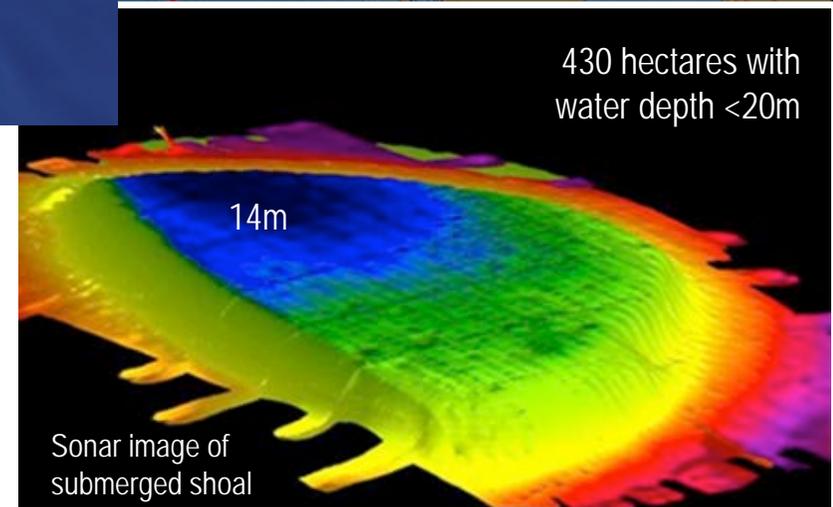
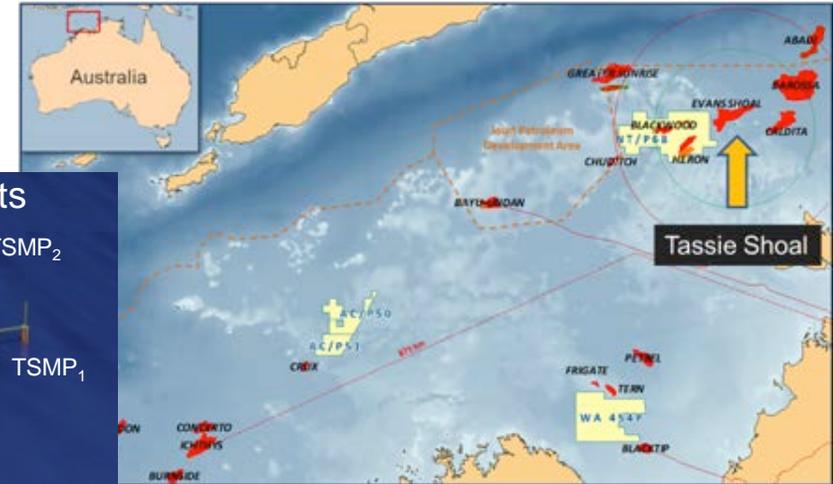
*Heron-2 flare while testing gas*

# Tassie Shoal Projects (MEO 100%)



Shallow water, low cost development paths for regional stranded gas

- **Methanol:** 2 x 1.75MTA plants, built in two stages (TSMP<sub>1</sub> & TSMP<sub>2</sub>)
- **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

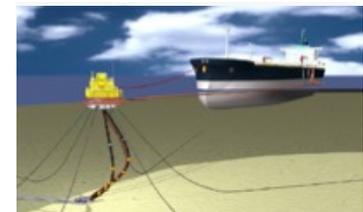
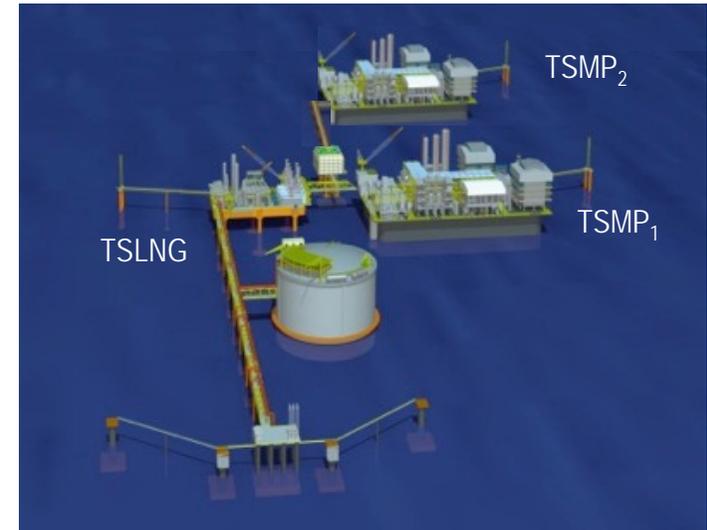
- Offtake Letters of Intent signed with three multinational buyers
- Indicative purchase offers made at US\$3.15MMBTU to purchase raw gas (including CO<sub>2</sub>)

## LNG

- Significant cost advantage of over land based and FLNG alternative developments
- Potential to use in combination with TSMP to commercialise low CO<sub>2</sub> 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:** Discussions pending current appraisal drilling
- **Heron:** MEO updating technical evaluation



# AC/P50 & AC/P51 (MEO 100%): Ramble On Prospect

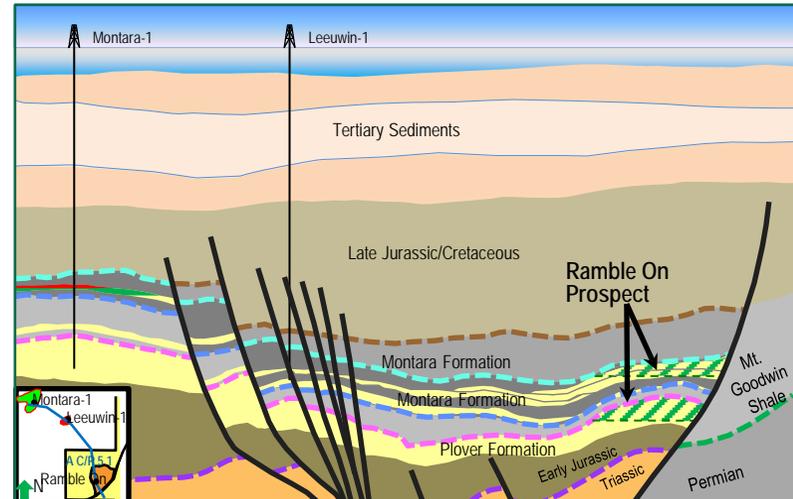
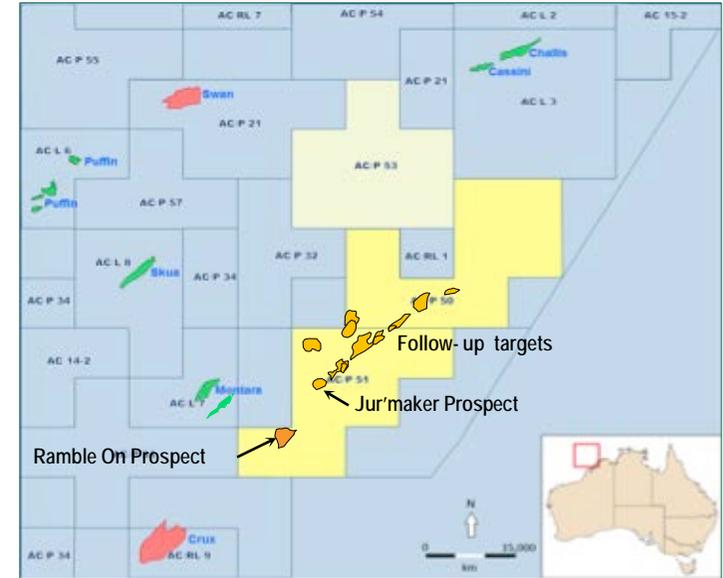


## Multiple oil targets in proven petroleum system

- 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
- Permits recently renewed for 5 year term with minimum work program of studies & seismic reprocessing in first 3 years

## Near term activities

- Undertake further studies
- Seek to farm down ~50% interest



## Prospective Resources (100%)\*

Breakwater West	CoS	Low	Best	Mean	High
Oil Scenario (MMstb)	9%	8	<b>39</b>	56	130
Gas Scenario (Bscf)	2%	29	<b>162</b>	461	1,136
<b>Total (MMboe)</b>	<b>11%</b>	<b>8</b>	<b>38</b>	<b>63</b>	<b>150</b>

\* See Prospective Resources Cautionary Statement on page 11

# New Zealand: Onshore Production & Exploration

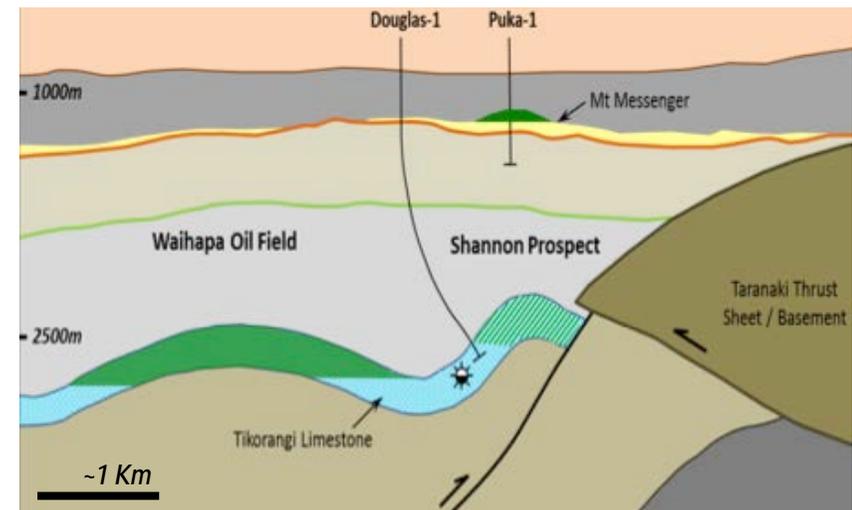
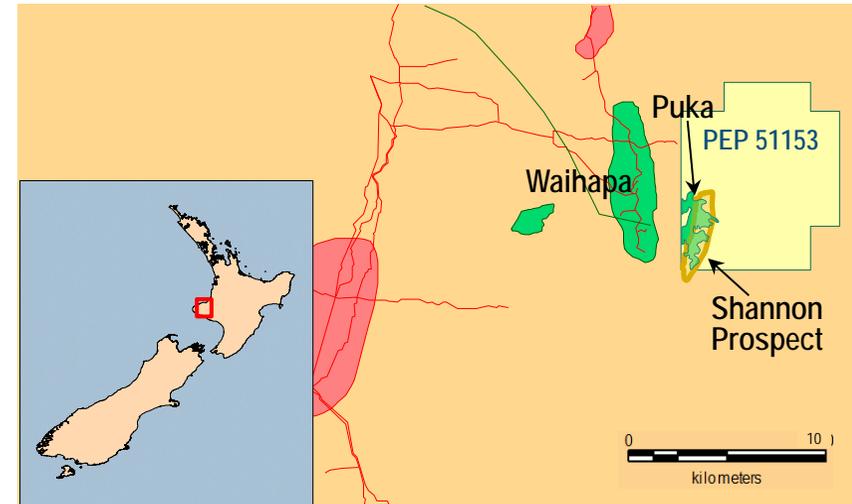


## PEP51153 (MEO 30%)

- 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

# Why Cuba?



## MEO has early mover advantage

- Cuba has excellent oil & gas prospectivity
  - Currently producing ~70,000 boe per day
  - Varadero field: >5 billion barrels OOIP
- Limited application of modern exploration techniques
- Improving geopolitical environment and US diplomatic relations
- Attractive fiscal regime and supportive government



North Cuba Basin has significant undiscovered potential

Total undiscovered technically recoverable reserves of 4.6 billion barrels of crude oil, 9.8Tcf of natural gas and 900 million barrels of natural gas liquids\*

\* Source: US Geological Survey, 2004

# Early Mover Advantage



## MEO has unique opportunity in Cuba



MEO is the only ASX listed company with Cuban energy exposure



MEO has pre-qualified with Cupet (NOC) as an onshore/shallow water operator



Strong Cuban relationships/networks in place based on 3 year engagement



Well positioned to capitalise on near term expansion opportunities



Global energy companies increasingly seeking exposure in Cuba



MEO staff experience with Cuban-style geology

# Cuba Block 9: Positioning and Value Drivers



Oil rich area with low upfront commitment

## Positioning

- 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 lightly explored but contains natural oil seeps and has several small oil discoveries
- Initial low commitment to 18 month studies period

## Value Drivers

- Signing of PSC imminent
- Data gathering, seismic reprocessing and resource assessment to commence shortly thereafter



\* Subject to Petro Australis 40% back-in option



# Corporate & Activity Pipeline

# Funding Overview



Healthy cash position – geared for growth



# Mosman Unsolicited Takeover Offer



## Directors Recommendation to MEO Shareholders: **REJECT**

### Why:

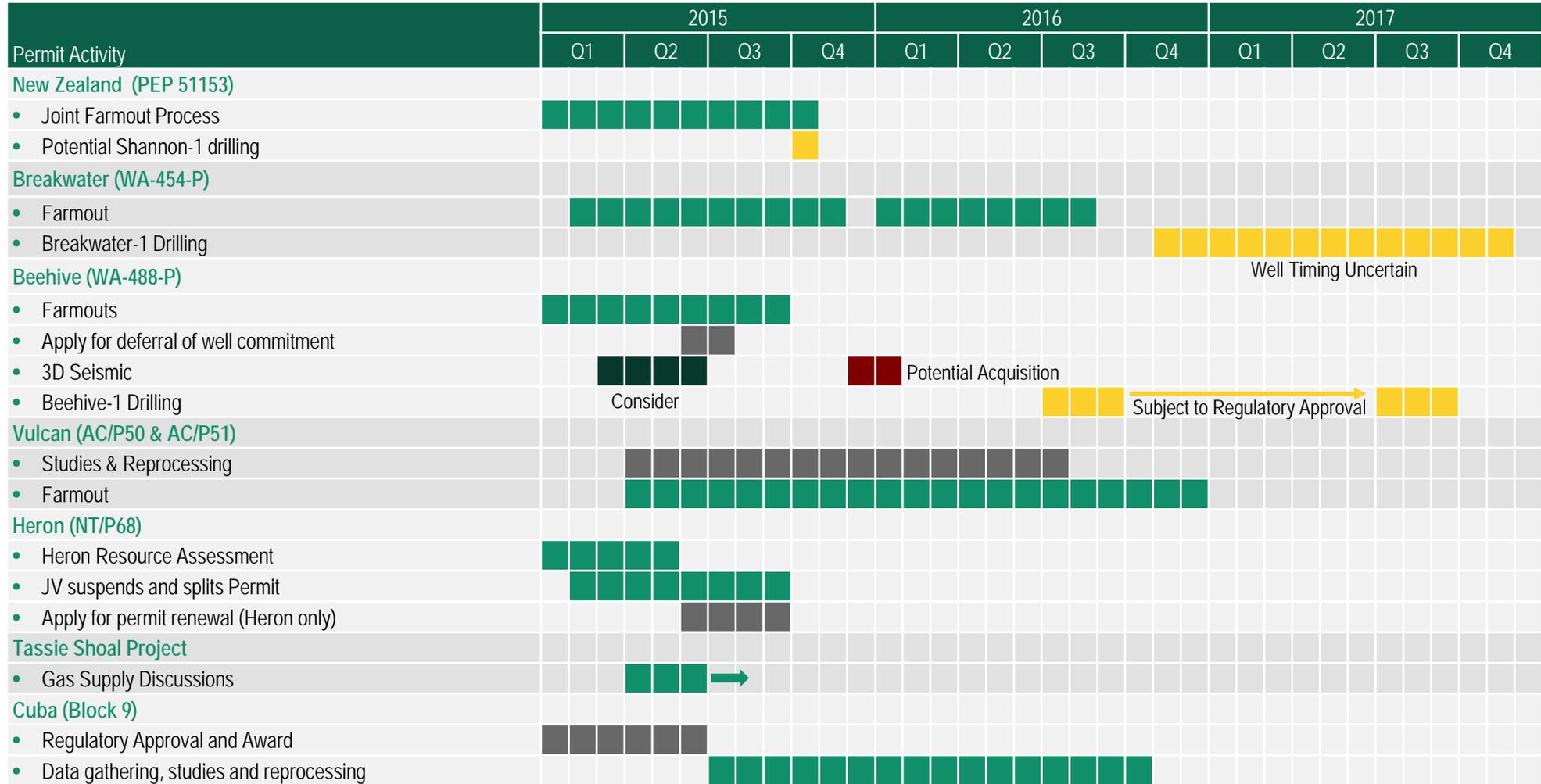
- Mosman has limited cash and its ability to continue as a going concern is uncertain
  - It has only conducted a small capital raising since announcing the original offer and its cash position is compounded by the estimate in its Replacement Bidder's Statement that it expected to spend an estimated total of \$648,000 on the Offer
- The majority of the exploration projects in the Mosman portfolio are in commercially unproven areas and some carry significant liabilities
- The Mosman Share price has been volatile throughout the Offer period and the MEO Directors can have no confidence the Revised Mosman Offer will represent a premium or a discount to the price of MEO Shares at the close of the Revised Mosman Offer
- Trading shares on the UC based AIM Market is, for Australian based shareholders, typically more costly, more complex and takes longer than the ASX.
- MEO portfolio has significant upside potential for MEO shareholders

\* See MEO Target Statement dated 26 February 2015 for more information

# MEO Activity Pipeline



## Actively managing program to optimise value





- Revitalised business and refocused strategy under new leadership
- High impact and undervalued exploration asset portfolio
- Pre-qualified in multiple international jurisdictions
- Unique Cuban Leverage with early mover advantage
- Material near term value drivers from Australian & NZ assets
- Long term potential value from Tassie Shoals project
- Active Business Development program – targeting producing asset

# Appendix – MEO Group Assets



Country	Location	Permit	MEO Group equity	Status
New Zealand	Onshore Taranaki	PEP 51153	30%	Production/appraisal/exploration
Australia	Bonaparte Gulf	WA-454-P	50%	Appraisal/exploration
Australia	Bonaparte Gulf	WA-488-P	70%	Exploration
Australia	Vulcan Sub-Basin	AC/P50, AC/P51 & AC/P53	100%	Exploration
Australia	North West Shelf	WA-360-P & WA-361-P	62.5% / 50%	Exploration
Australia	Bonaparte Gulf	NT/P68 (Heron area)	100%	Appraisal
Australia	Tassie Shoal Project	EPBC 2000/108 & 2003/1067	100%	Early pre-FEED (methanol)
Cuba	Onshore	Block 9 PSC	100%*	Exploration. Execution and award of PSC is pending regulatory approval

\* Subject to Petro Australis 40% back-in option