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ASX & Media Release

MEO and Apache sign Option Agreement for AC/P50 and AC/P51

Key Points:

- MEO grants Apache an option until 30th September 2014 to acquire a 70% interest in AC/P50 and AC/P51 at the time of permit renewal due in April 2015
- If exercised, Apache will assume operatorship and carry MEO's share of all costs up to and including the first well drilled in each of the permits

MELBOURNE, AUSTRALIA (25th June, 2014)

MEO Australia Limited (ASX: **MEO**) advises that it has executed a binding option agreement with Apache Northwest Pty Ltd ("Apache") in relation to the AC/P50 and AC/P51 exploration permits. Under the agreement, Apache has an option until 30th September 2014 to elect to acquire a 70% interest in, and assume operatorship of, the permits commencing upon their renewal scheduled for April 2015. On exercise of these options Apache will carry MEO's share of all costs up to and including the first well to be drilled in each of the permits. Well costs including testing will be subject to a cap.

The permits are currently in the final year of their six year exploration term. In the event Apache exercises its option, exploration efforts will initially focus on the AC/P51 Ramble On oil prospect. MEO has defined the prospect on 3D seismic and estimates it to contain 39 MMbbl gross prospective recoverable resources (best estimate)*.

Should Apache exercise the option, the parties will work together to renew the permits for another 5 years on terms mutually acceptable to MEO, Apache and the Titles Administrator. MEO and Apache have agreed to propose a firm well in the Primary Term of the AC/P51 renewal. The option agreement includes provisions for Apache to elect not to participate in AC/P50 if renewal cannot be obtained on satisfactory terms.

MEO's CEO and MD Jürgen Hendrich commented on the announcement:

"We are very pleased to have signed this Option Agreement with Apache who will now complete their evaluation of the permits before electing whether to proceed with farming in to the blocks."

Jürgen Hendrich
Managing Director & Chief Executive Officer

* "Best" estimate. Refer to MEO's Contingent & Prospective Resources Update released on 3rd September 2013, an extract of which is included below.

Vulcan Basin AC/P50 & AC/P51 Exploration Permits



Ramble On Prospective Resources* (100% share)

Ramble On Prospect (100% Share)		Low	Best	Mean	High
Oil Dominant Scenario	Gas Bscf	-	-	-	-
	Total Liquids MMstb	8	39	56	130
Gas Dominant Scenario	Gas Bscf	29	162	461	1,136
	Total Liquids MMstb	1	6	16	39
Aggregate (oil equivalent)*	Total MMboe	8	38	63	150

* Aggregate Risk Weighted Average (80:20) of Oil Dominant and Gas Dominant Scenarios

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

AC/P50 & AC/P51 Participants

Entity	Current Equity	Equity if Option Exercised
Vulcan Exploration Pty Ltd (wholly owned subsidiary of MEO Australia Limited)	100%*	30%*
Apache Northwest Pty Ltd (wholly owned subsidiary of Apache Corporation)	0%	70%

* Under the terms of MEO's acquisition of the Permits, Red Rock Energy Pte Ltd has an option to acquire a 5% interest in each permit. Refer to MEO's ASX & Media release dated 15th November 2010 for more information.

AC/P50 & AC/P51 Location Map:

