



# Annual General Meeting: Managing Director's Presentation

3 November 2016



## Forward-looking Statements and Resources

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**Contingent and Prospective Resources:** The information in this presentation 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 Managing Director and Chief Executive Officer of MEO. Mr Stickland B.Sc (Hons) has over 25 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.



# Corporate Overview

# Company Overview



- ASX listed (ASX: MEO) petroleum exploration company
- Only ASX listed company with Cuban energy industry exposure – 100%\* interest in Block 9 PSC, Cuba
- Identified exploration potential in Cuba Block 9 for over 8 billion barrels of oil-in-place with Prospective Resources of 395 million barrels just in one play (unrisked Best Estimate, 100% basis)\*\* . Further assessment results in coming months
- Seeking early drilling opportunities in Block 9
- Potential onshore New Zealand high impact drilling of the Pukateas prospect late 2017
- Portfolio also includes high impact projects offshore in Australia, including Beehive prospect
- Strong balance sheet, ~\$5.4m cash, no debt
- Disciplined strategy focused on:
  - Cuba Block 9
  - High-impact, low cost activity from Australia/NZ portfolio
  - Fiscal discipline across all activities



\* Subject to Petro Australis conditional option to back in for 40%, no later than Sept 2017. See ASX announcement dated 3 September 2015

\*\* See Prospective Resources Cautionary Statement on page 11

# Corporate Snapshot



## Capital Structure

Share price (as at 31/10/2016)	A\$0.030
Shares on issue	953.2m
Options on issue (exercise price \$0.50)	2.5m
Share Performance Rights	26.3m
<b>Market capitalisation</b>	<b>~A\$29m</b>
Approx cash position	~A\$5.4m

## Substantial Shareholders (>5%)

Leni Gas Cuba Limited	14.76%
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## Share Price



# *New Leadership Under MD Peter Stickland and New Board*



## Board & Management

### Board of Directors



**Peter Stickland**  
Managing Director  
& CEO



**Andrew Purcell**  
Non-Executive  
Chairman



**Michael Sandy**  
Non-Executive  
Director

### Senior Team



**Colin Naylor**  
CFO &  
Company  
Secretary



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



**Errol Johnstone**  
Chief Geoscientist



**Dean Johnstone**  
Senior  
Geoscientist



**Dr. Rafael Tenreyro**  
MEO Cuba  
Representative



# Cuba

# Cuba Block 9 - Positioned in Oil Rich Highly Prospective Area



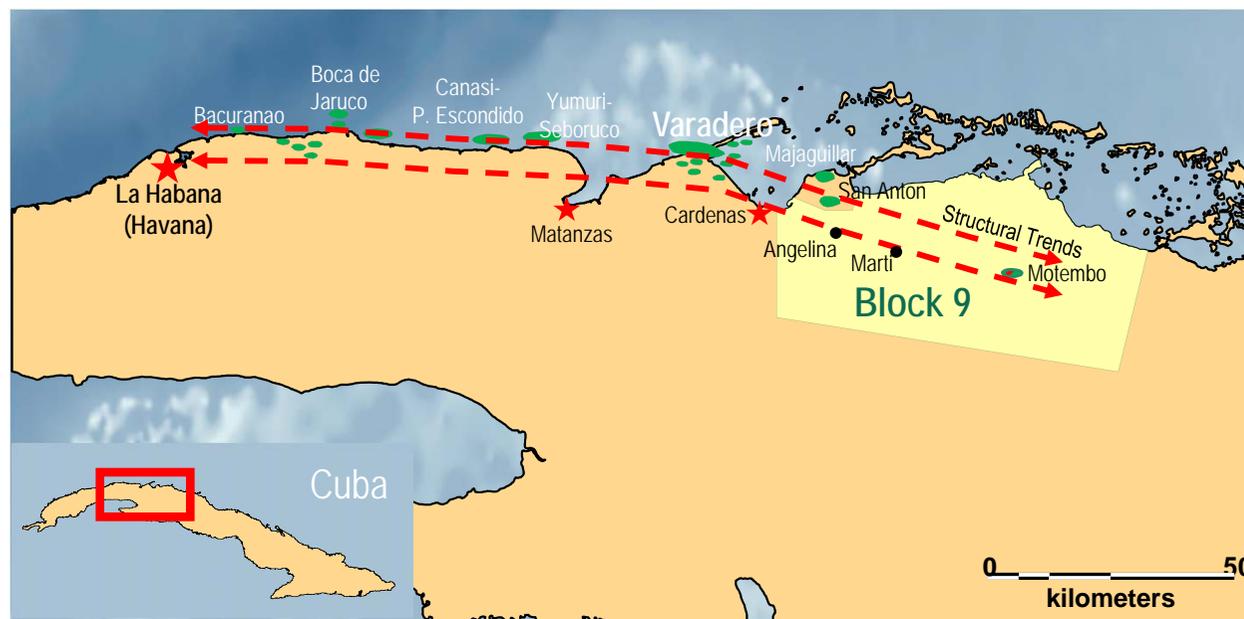
*On trend with existing producing fields, very significant oil potential*

## Positioning

- Block 9 PSC (2,380 km<sup>2</sup> or 588,000 acres) located onshore and close to infrastructure
- MEO (100%\*) awarded Block 9 PSC in September 2015 for 25 year term
- Low first Exploration sub-period commitment consisting of studies and seismic reprocessing
- Block 9 lightly explored but contains natural oil seeps and has several small oil discoveries
- Adjacent to TSX-listed Sherritt International's producing area (~14,700 barrels per day at operating cost of <US\$7/bbl in Q3 2016)\*\*

## Prospectivity

- Along trend from producing Varadero oil field (>11 billion barrels Oil Originally in Place)
- MEO assessment has identified very significant prospective resource potential for lighter, high quality oil in one of three oil plays in Block 9
- Further assessment results in coming months
- Potential for overlooked pay zones in old wells
- Investigating potential for early drilling



\*Subject to Petro Australis conditional option to back in for 40%, no later than Sept 2017. See ASX announcement dated 3 September 2015

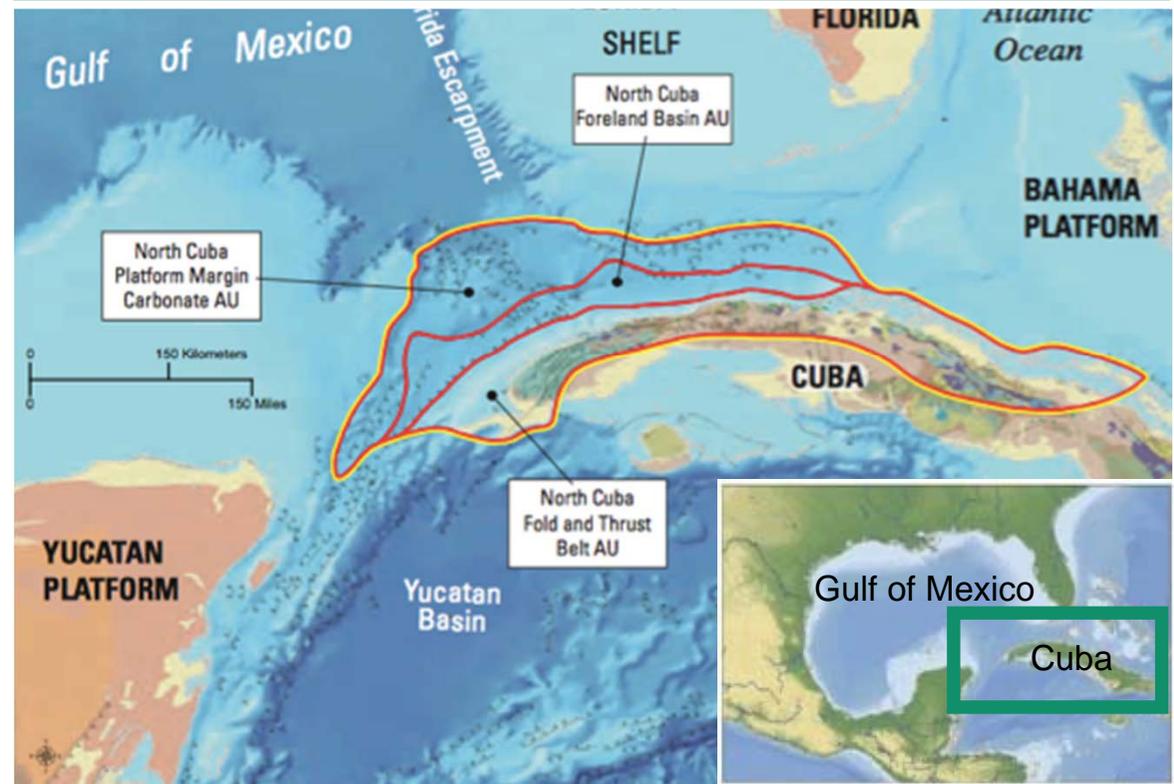
# Cuba Oil and Gas Potential - Untapped Region of the Gulf of Mexico



*MEO has early mover advantage into this significantly under explored region*

- The Gulf of Mexico is one of the world's great petroleum mega provinces
  - Cuba represents the under-explored south-eastern margin of this province
- US Geological Survey estimates undiscovered technically recoverable reserves of 4.6 billion barrels in North Cuba
- Cuba currently producing ~80,000 boe per day, but seeking to grow production
  - Imports ~50% of oil, mostly from Venezuela
  - Varadero field: >11 billion barrels OOIP
  - Local market for oil and gas
- Limited application of modern exploration techniques due to 50+ year US embargo
- MEO staff experienced with Cuban-style geology
- MEO opened Havana office and appointed experienced, high calibre in country representative to facilitate accelerated activity

## Cuba – Significant Undiscovered Potential



*US Geological Survey (2004): "Total undiscovered technically recoverable reserves in North Cuba Basin of 4.6 billion barrels of crude oil, 9.8Tcf of natural gas and 900 million barrels of natural gas liquids"*

# Cuba Block 9 – Resource Potential



## Multi-billion barrel oil potential identified so far in just 1 of 3 oil plays

### Technical Assessment

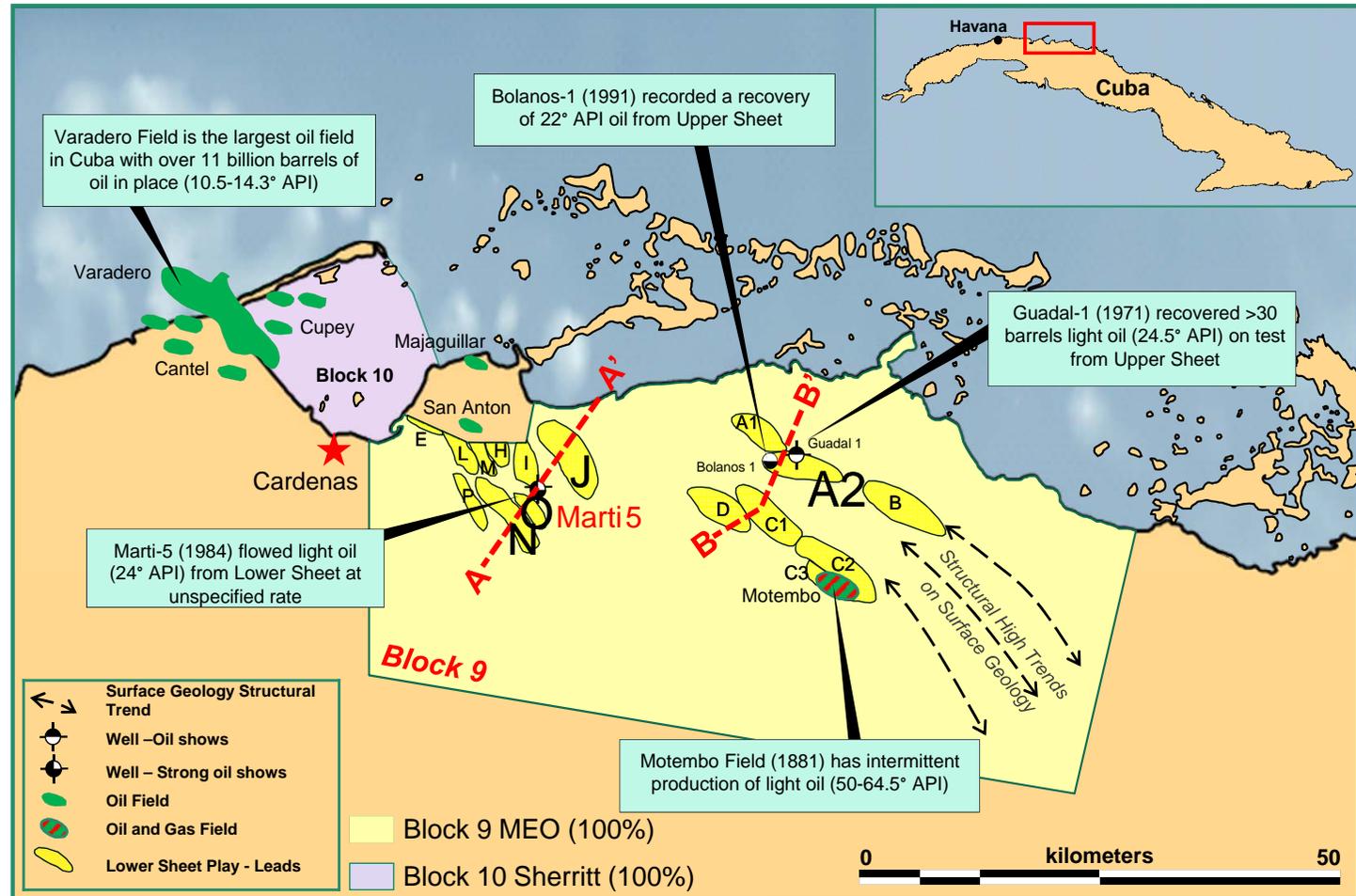
- Identified the following three play types:

### Lower Sheet Play

- Exploration potential for over 8 billion barrels of oil-in-place with Prospective Resources of 395 million barrels just in “Lower Sheet Play” (unrisked Best Estimate, 100% basis)\*
- 15 individual leads identified in conventional “Lower Sheet Play”
- Depths between 2,000 and 3,500 metres
- Potential for higher quality light crude oil suggested by historical oil recoveries

### Upper Sheet and Shallow Tertiary Plays

- Further assessment results in coming months



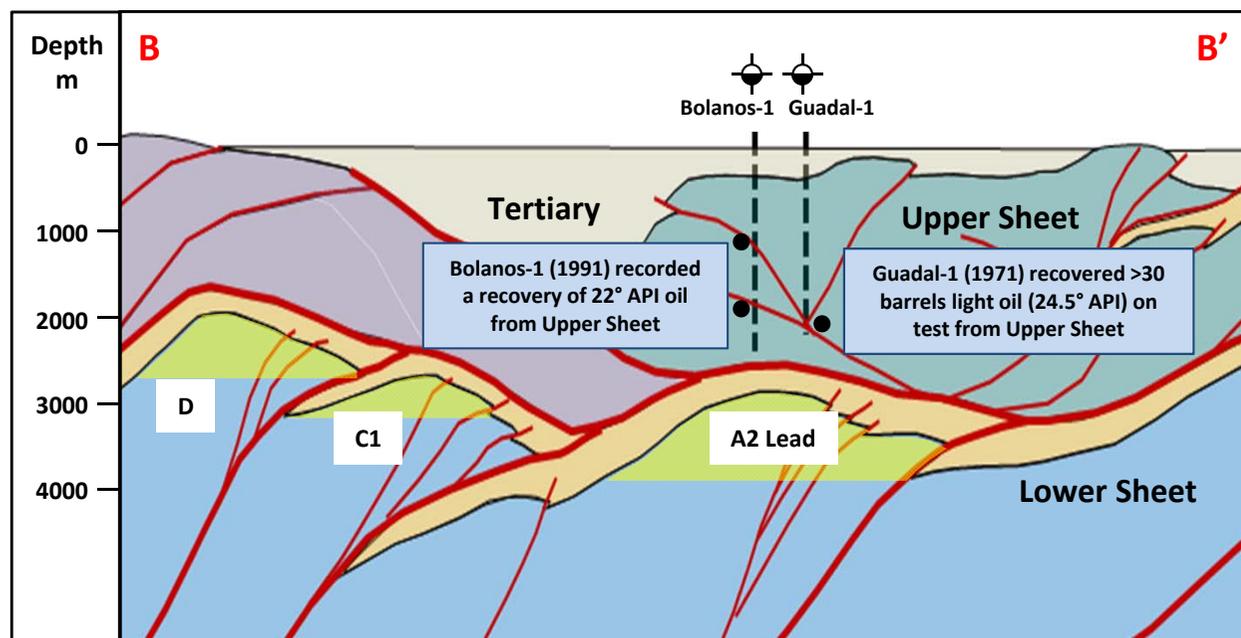
\*See Prospective Resources Cautionary Statement on page 11

# Potential of A2 Lead at the Lower Sheet



*222 million barrel high side potential with an estimated 25% chance of success*

- Large structure (up to 44km<sup>2</sup>) at Lower Sheet objective
- Reservoir is a conventional, fractured carbonate
- Recoverable volumes conservatively estimated using the historical 5% recovery factor for nearby Cuban fields
- Higher quality, light oil indicated by two old wells which recovered oil from Upper Sheet
- Additional potential from Upper Sheet not yet assessed
- Assessing A2 lead as candidate for early drilling in Q1 2018



## A2 Lead (MMbbls)

Lower Sheet Play Only	CoS*	Low	Best	High	Mean
Oil in Place	25%	130	1275	4447	1917
Prospective Resource (100%)		7	64	222	96
Prospective Resource (NEI**)		4	43	150	65

**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.

\*Chance of Success

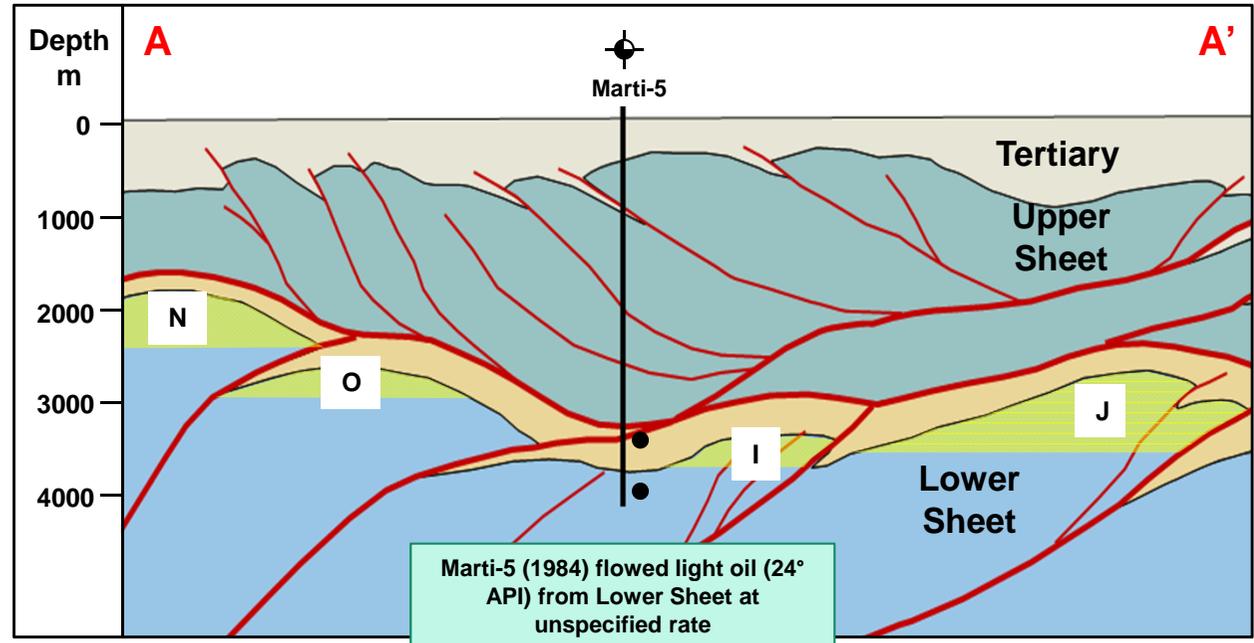
\*\*Net Entitlement Interest based on Production Sharing Contract

# Marti-5 highlights potential of Lower Sheet in Western Area of Block 9



## Old well drilled off structure points to potential of nearby leads

- Marti-5 (drilled 1984) recovered lighter oil (24° API) and had oil shows over a 390 metre gross interval from the Lower Sheet
- Later seismic data indicates Marti-5 outside of mapped closure
- High grades the potential of the adjacent mapped structures to contain oil, particularly Leads I, J and O
- Assessing candidates for early drilling in Q1 2018



### Prospective Resources (100%, MMbbls)

Lower Sheet Play Only	CoS*	Low	Best	High	Mean
Lead I	29%	1	10	35	15
Lead J	29%	3	24	92	38
Lead O	19%	1	5	14	6

**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.

\*Chance of Success

# Cuba - Re-emerging as an investment destination



## *Internal changes and start of normalization of relations with US having positive impact*

- Cuba has implemented an attractive fiscal regime:
  - New Law of Foreign Investment in 2014, including 8 year profit tax exemption
- In December 2014 US President Obama and Cuban President Castro announced the beginning of a process of normalizing relations between Cuba and the United States:
  - Already seeing benefits in banking and travel
  - Significant regulatory restrictions announced October 2016
- Cuba reached a deal with “Paris Club” creditor nations late 2015 - an important step to normalizing relations with international finance community
- Increasing foreign interest in Cuba including Australia, with former Trade Minister Andrew Robb leading first Australian business mission, including MEO, to Havana in early 2016
- US airlines now have direct flights to Cuba
- MEO is the only ASX listed company with Cuban energy industry exposure, with 3-years in-country experience



*Presidents Castro and Obama (March 2016)*



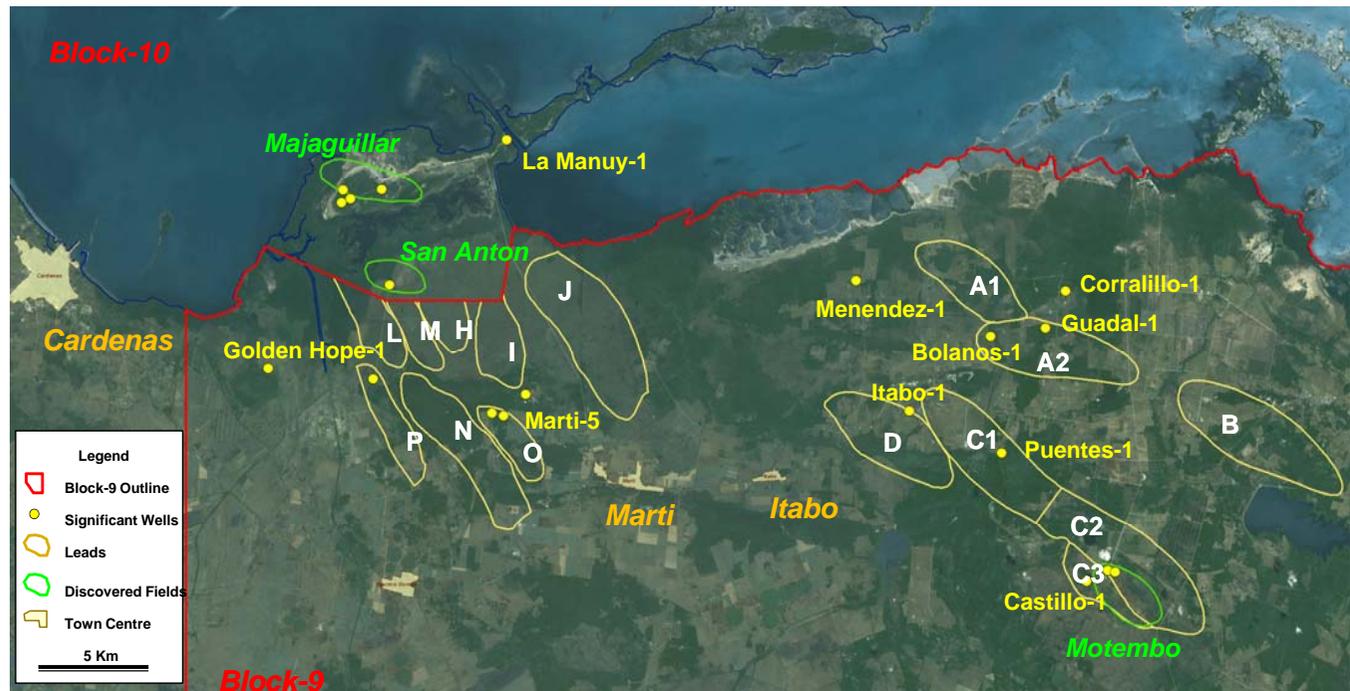
*MEO's Peter Stickland, with former Australian Trade Minister Andrew Robb and Cuban Foreign Trade Minister Rodrigo Malmierca Diaz (February 2016)*

# Investigating Cuba Block-9 Operating Environment



## *Accessible area in close proximity to active oil industry*

- Block 9 consists largely of low-lying farm land
- A number of sealed roads cross Block 9
- Largest nearby city is Cardenas (population ~100,000) approximately 5km west of Block 9
- ~40km from international airport
- ~75km from deep water port with oil terminal
- ~160km east of Havana
- There are a number of modern land drilling rigs currently operating in Cuba

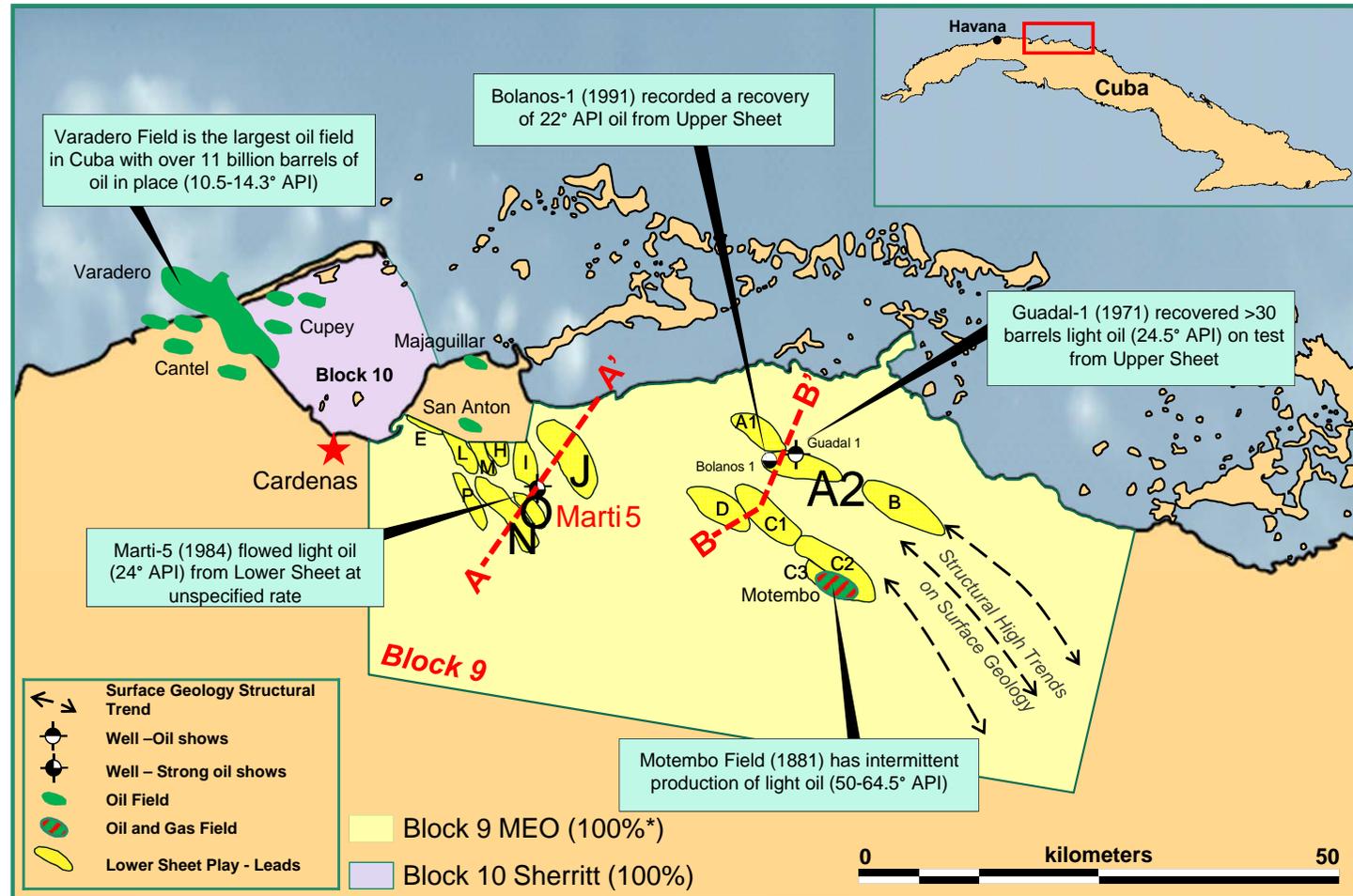


# Cuba Block 9 – Near Term Activities



## Expand resource base and investigate potential for early drilling

- Further updates on resource potential in coming months
- Develop drilling program by Q1 2017 for accelerated drilling in Block 9 to test the potential of the Lower Sheet Play
- Potential drilling in Q1 2018
- Investigate merits of additional seismic data acquisition
- Monitor drilling of high impact exploration well currently drilling in Block 10, adjacent (and on trend) to Block 9. Sherritt announced they expect results in December 2016



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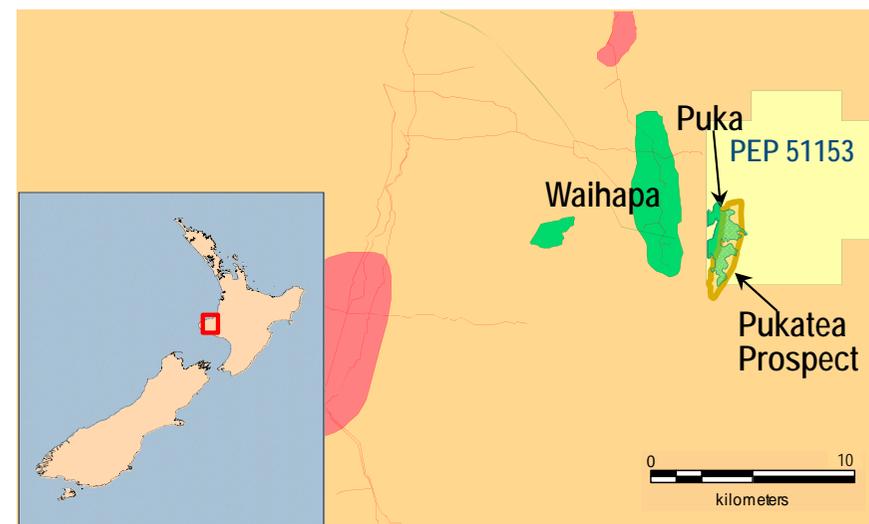
# Australia & New Zealand Portfolio

# Onshore New Zealand - PEP 51153 (MEO 30%, non-operator)



## Potential 2017 drilling of Pukatea prospect

- Considering drilling Pukatea in Q4 2017. Decision by Joint Venture expected by end 2016
- Tag Oil subsidiary recently appointed operator
- Pukatea (formerly Shannon) Prospect:
  - Potential high impact wildcat oil opportunity
  - Analogous to nearby Waihapa oil field (23+ MMstb produced) with highly productive wells
  - Potential to drill from existing Puka production pad with potential for rapid production from a discovery
- Puka oil accumulation – currently suspended
  - Shallow oil accumulation with 2 producing wells. Produced at ~110 barrels/day under long term test before shut-in January 2015 due to mechanical problem and low oil price



### Contingent Resources (MMstb, 100%)

Puka	1C	2C	3C
Mount Messenger	0.3	0.6	1.8

### Prospective Resources (MMstb, 100%)

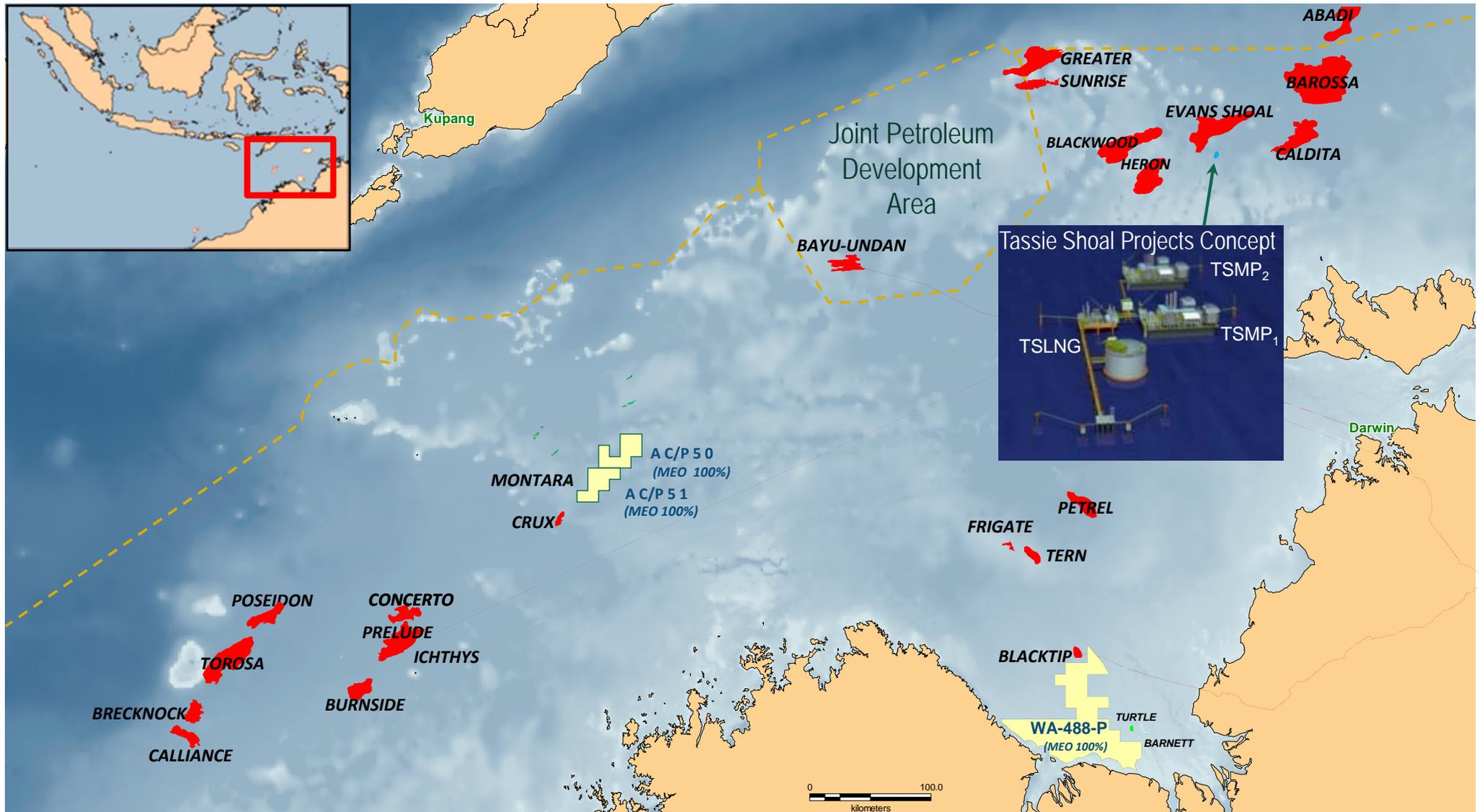
Pukatea (Shannon)	CoS	Low	Best	Mean	High
Tikorangi	16%	0.3	5.3	7.0	16

**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 and Projects



*Discrete upstream projects adjacent to proven hydrocarbons*

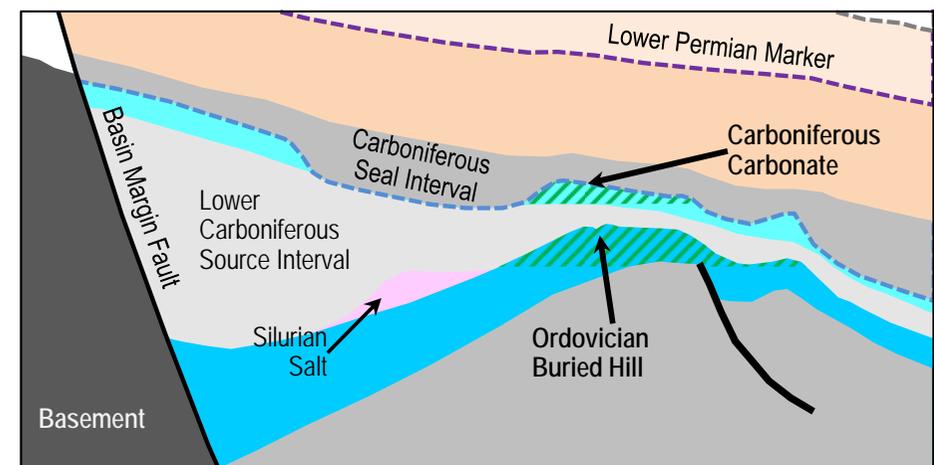
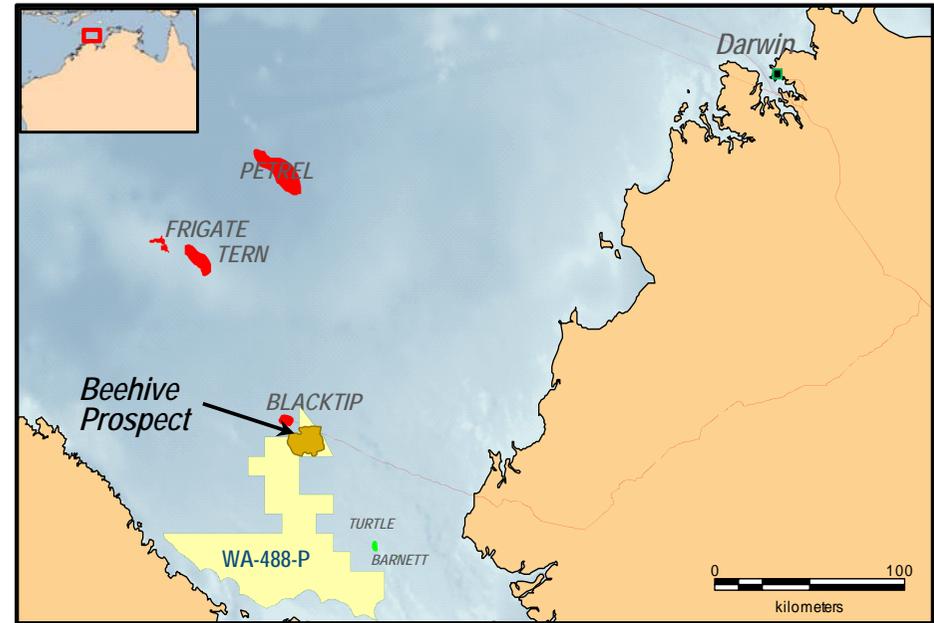


# WA-488-P (MEO 100%) – Beehive Giant Oil Prospect



*Beehive being upgraded with recent seismic reprocessing before farmout*

- Significant, multi billion barrel oil prospect
- Potentially the largest undrilled oil prospect offshore Australia
- Shallow water, suitable for lower cost jack-up drilling rig
- Developable by FPSO or pipeline
- Recent 2D broadband reprocessing and seismic inversion substantially enhanced characterisation of Beehive Prospect
- Near term focus:
  - Seeking to farm down to secure a partner to fund MEO's share of activities
  - If farmed down, then potential drilling in 2017-18



## Prospective Resources (Mmboe, 100%)\*

Beehive	CoS	Low	Best	Mean	High
Carboniferous objective	16%	97	558	940	2033

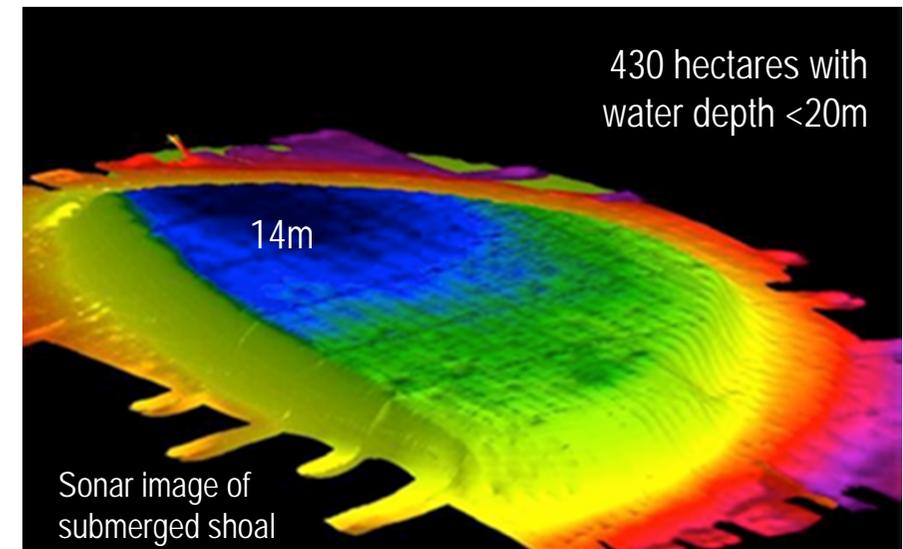
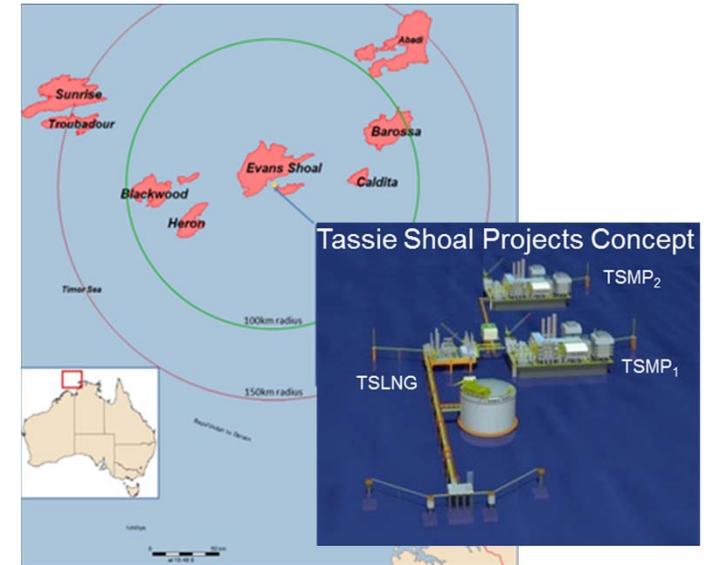
\* See Prospective Resources Cautionary Statement on page 11

# Tassie Shoal Projects



## *Shallow water site, innovative low cost development paths for regional stranded gas*

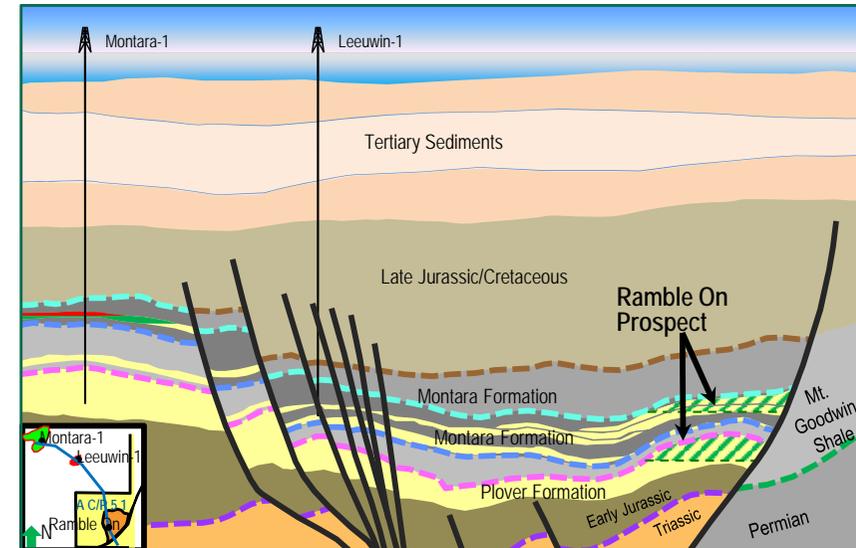
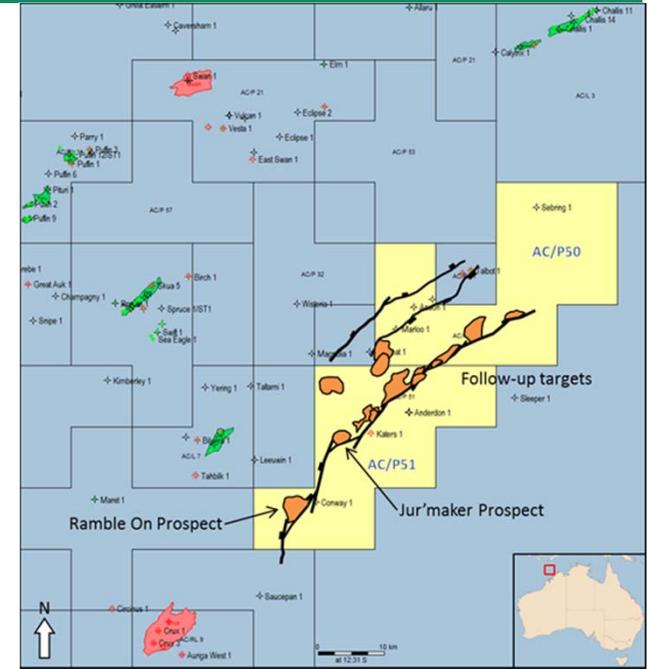
- 100% owned by MEO
- Region has substantial undeveloped high CO<sub>2</sub> gas that needs a low cost development solution
- Methanol manufacturing uses gas with high CO<sub>2</sub> (up to 30%) as feedstock for value added product
- Offshore construction and installation of Tassie Shoal Methanol Plants (TSMP) and Tassie Shoal LNG (TSLNG) dramatically reduces capital costs compared to alternatives
- MEO has developed the concepts for constructing Methanol and LNG plants at Tassie Shoal
  - Long-dated Federal & State Government Environmental approvals (valid to 2052)
  - Undertaken pre-FEED engineering studies
  - Established relationships with key technology providers
- Low holding cost with significant potential value



# AC/P50 & AC/P51 (MEO 100%\*): Multiple oil targets

## MEO fully carried through 3D seismic reprocessing

- Identified material Ramble On and Jur'maker oil prospects in proven petroleum system defined on modern 3D seismic data
- Suitable for lower cost jack-up drilling rig
- Potential highlighted by Auriga West-1 well reported to find hydrocarbons in 2015 in similar play type
- Recently farmed out 45% for carry through 3D reprocessing & studies
- Near term activities:
  - Undertaking 3D seismic reprocessing (MEO free carried)
  - Update prospectivity on reprocessed seismic data
  - Seek to farm out in 2017
  - Future drilling potential if farmout successful



### Prospective Resources (100%)\*\*

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

\* Subject to options by Rouge Rock Pty Ltd for a 45% and Far Cape Pte Ltd for a 5% participating interest

\*\*See Prospective Resources Cautionary Statement on page 11



# Corporate & Activity Pipeline



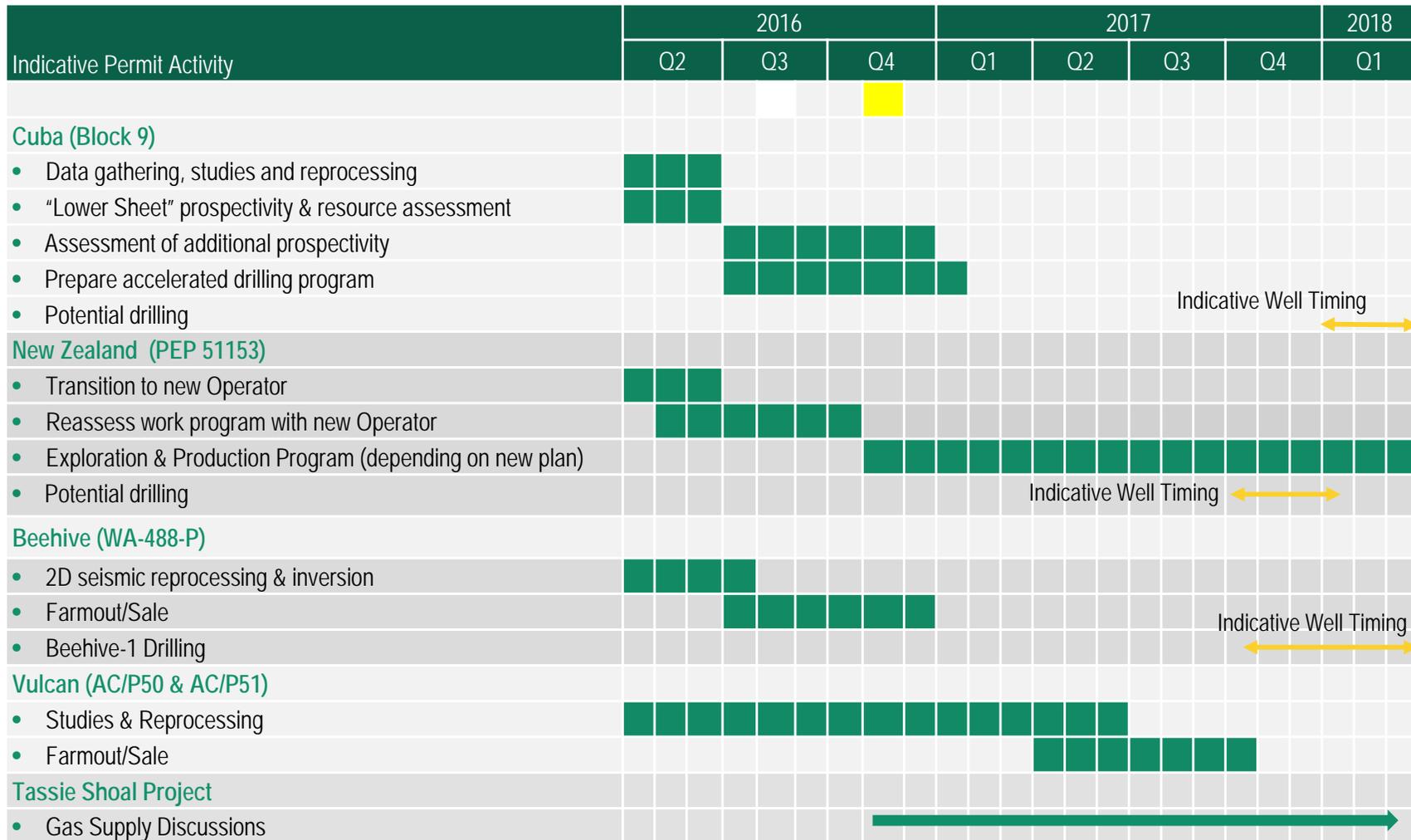
## *Major cost reduction initiatives implemented & new capital raised*

- In total a 70% reduction in net administration expenses in past 18 months to ~\$2 million p.a.
- Discontinued involvement in 5 lower ranking offshore exploration permits in past 12 months
- Continually review the portfolio for strategic alignment with company objectives and increased Cuba focus
- Secured cornerstone investor in Q1 2016 through private placement with Leni Gas Cuba Limited at premium to closing share price to support Cuba resource assessment and exploration activities
- Recently raised \$2.2m using remaining placement capacity and Share Purchase Plan

# MEO Indicative Activity Pipeline



## Key upcoming activities in Cuba, NZ and Australia



# Investment Summary



- ✓ Refocused strategy targeting projects with appropriate risk reward profile
- ✓ Building a portfolio of high impact drilling opportunities in Cuba and Australia/NZ
- ✓ Unique Cuban leverage with early mover advantage
- ✓ Cuba has excellent oil & gas prospectivity and demonstrated modest operating costs
- ✓ Solid cash position to advance existing work programs with potential for unlocking shareholder value
- ✓ Diverse, high impact exploration asset portfolio in Australia/NZ with low carrying cost
- ✓ Long term, low holding cost optionality from Tassie Shoal Projects