

ASX & Media Release

MEO Confirms New Joint Venture Partner in New Zealand (PEP51153)

Key Points:

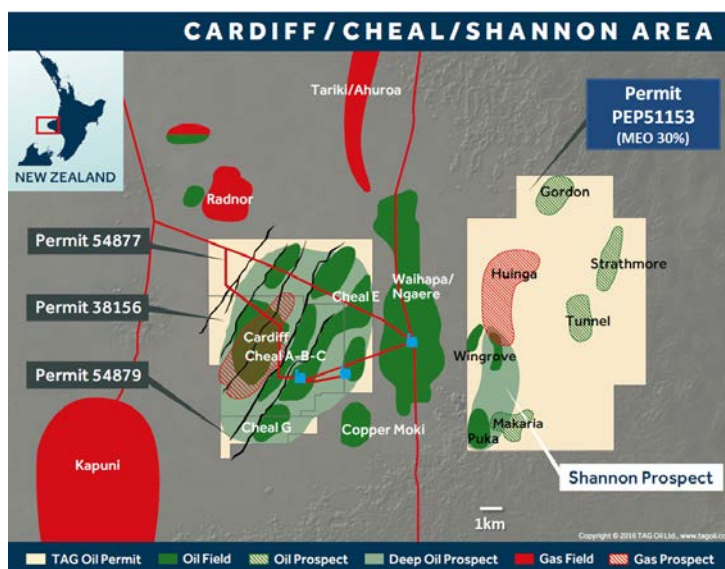
- Kea Petroleum's liquidators confirm the binding sale of its 70% interest in New Zealand exploration permit PEP51153 to TAG Oil
- MEO confirms its support for TAG Oil to assume Operatorship of the permit
- PEP51153 minimum work program has been revised providing the joint venture with flexibility to efficiently assess the permits hydrocarbon potential
- TAG Oil owns and operates existing nearby production, providing significant potential operational synergies
- MEO's 30% interest in the permit is not affected by the sale of Kea's interest to TAG

MELBOURNE, AUSTRALIA (6th June 2016)

MEO Australia Limited (ASX: **MEO**) is pleased to provide an update on the sale of Kea Petroleum Limited's ("**Kea**") 70% interest in the onshore permit PEP51153* in the Taranaki Basin of New Zealand. MEO holds a 30% participating interest in the PEP51153 joint venture.

MEO had previously announced that Kea's liquidators had entered into a conditional agreement for the sale of its interest in PEP51153 to an existing Operator in the region. MEO can now confirm that TAG Oil Ltd ("**TAG**") has acquired Kea's interest in PEP51153 and that all conditions precedent related to the acquisition have been satisfied, including New Zealand regulatory approval of TAG assuming Operatorship of the permit.

TAG is a Canadian listed, Australasian focused oil and gas production and exploration company, with extensive operations and production infrastructure in the Taranaki Basin. TAG holds a 100% interest in the producing Cheal Oil Field, which is located 7km to the west of PEP51153 and sits in the same Mt Messenger formation.



The minimum work program for PEP51153 has also been revised and approved by the New Zealand regulator as follows:

Period	Work Commitment
No later than 23 March 2017	Acquire, process and interpret a minimum of 28.5km of gravity data across the permit
No later than 23 February 2018	Drill one well to a location and depth agreed between the permit holder and the Chief Executive; OR Surrender the permit

PEP51153 expires on 23 September 2018.

The PEP51153 joint venture will now work to define in detail the work program for the remainder of 2016 and the forward plan for the acreage. It is anticipated that near term activity will focus on the collection of gravity data, seismic interpretation and the potential to capture operational synergies with TAG.

MEO's interest in the permit is not affected by the sale of Kea's interest in the permit to TAG.

MEO's CEO and Managing Director Peter Stickland commented:

"MEO sees significant potential value in the PEP51153 permit and welcomes TAG as a low cost Operator with its extensive technical and operations experience in the Taranaki Basin. Having an Operator with TAG's established local footprint offers the potential for significant operational synergies, helping to ensure that the hydrocarbon potential of the permit can be unlocked in an efficient and cost effective manner. In addition, the revisions to the minimum work program provide the PEP51153 Joint Venture with the necessary flexibility to design and implement the optimal work program to assess the hydrocarbon potential of the permit."



Peter Stickland
Managing Director & Chief Executive Officer

***PEP51153 Background** - The PEP51153 permit covers an area of approximately 85 square km (21,000 acres) and is located to the east of TAG's producing Cheal field. Three wells have been drilled since the Puka oil field was discovered in 2012, with the Puka-1 and Puka-2 wells producing 100 B/D from the Mt. Messenger formation before being shut in due to low oil prices and mechanical issues.

In addition to Miocene-aged Mt. Messenger drilling opportunities, the permit also contains the Shannon prospect, a deeper Tikorangi Limestone target situated directly below the Puka oil pool. The production capability from the Tikorangi Limestone has been well proven at the adjacent Waihapa oil field, which has produced in excess of 23 MMBbls of oil to date. The Douglas-1 well drilled in 2012 at the edge of the Shannon prospect encountered a 145m of reservoir interval and oil shows in a down-dip location, with more than 350m of up-dip potential estimated.