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ASX & Media Release

WA-454-P farm-out agreement executed with Origin Energy

Key Points:

- MEO farms out 50% of WA-454-P to Origin Energy
- Origin Energy will assume operatorship of the permit
- Origin Energy to pay MEO A\$5.6 million back costs and fund 80% of Breakwater-1
- Breakwater-1 to satisfy Permit year 5 work obligation (9 June 2015 – 8 June 2016)

MELBOURNE, AUSTRALIA (22nd July 2013)

MEO Australia Limited (ASX: **MEO**; OTCQX: **MEOAY**) advises that its wholly owned subsidiary Drysdale Offshore Exploration Pty Ltd (Drysdale) has executed a binding farm-out agreement (FOA) in relation to WA-454-P with Origin Energy Resources Limited, a wholly owned subsidiary of Origin Energy Limited. The FOA is subject to customary Australian regulatory approvals and the finalisation of a Joint Operating Agreement.

Origin Energy will acquire a 50% participating interest in the permit by reimbursing 80% of the costs expended by Drysdale in the permit to date and funding 80% of the cost of drilling an exploration well on the Breakwater prospect. Origin Energy will become Operator of the permit.

The untested cost of the exploration well is capped at A\$35 million^①. A mechanism has been agreed to adjust the cap for US\$/A\$ exchange rate fluctuations from a 1:1 base. Costs exceeding this cap, including production testing (if required), will be funded by the parties according to their participating interests.

The reimbursement of back costs will be made in two equal tranches of A\$2.8 million. The first will be paid upon receipt of regulatory approval of the permit transfer and the second in July 2014.

Participating interests in WA-454-P following the farm-out will be:

Participant	Participating Interest	
	Before Farm-out	After Farm-out
Drysdale Offshore Exploration Pty Ltd ^②	100% (Operator)	50%
Origin Energy Resources Limited ^③	0%	50% (Operator)

^② A wholly owned subsidiary of MEO Australia Limited

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

"We are delighted to have attracted Origin Energy as our partner to unlock the tremendous opportunities we see in WA-454-P. MEO considers the Breakwater prospect has the potential to host significant gas and possibly liquids resources which, in the event of exploration success, would readily feed into a growing regional gas market.

This project has evolved in a little over 2 years from acreage award in June 2011, acquisition of 3D seismic in early 2012, to the execution of a binding farm-in agreement in July 2013. It demonstrates MEO's business model of securing prospective acreage, adding value by undertaking diligent technical work and attracting a substantial partner to recover invested capital and fund the majority of drilling costs, while retaining a material residual interest.

MEO will seek to defray the residual 20% cost exposure to Breakwater-1 prior to drilling."

Jürgen Hendrich
 Managing Director & Chief Executive Officer

^① 35% in A\$, 65% in US\$

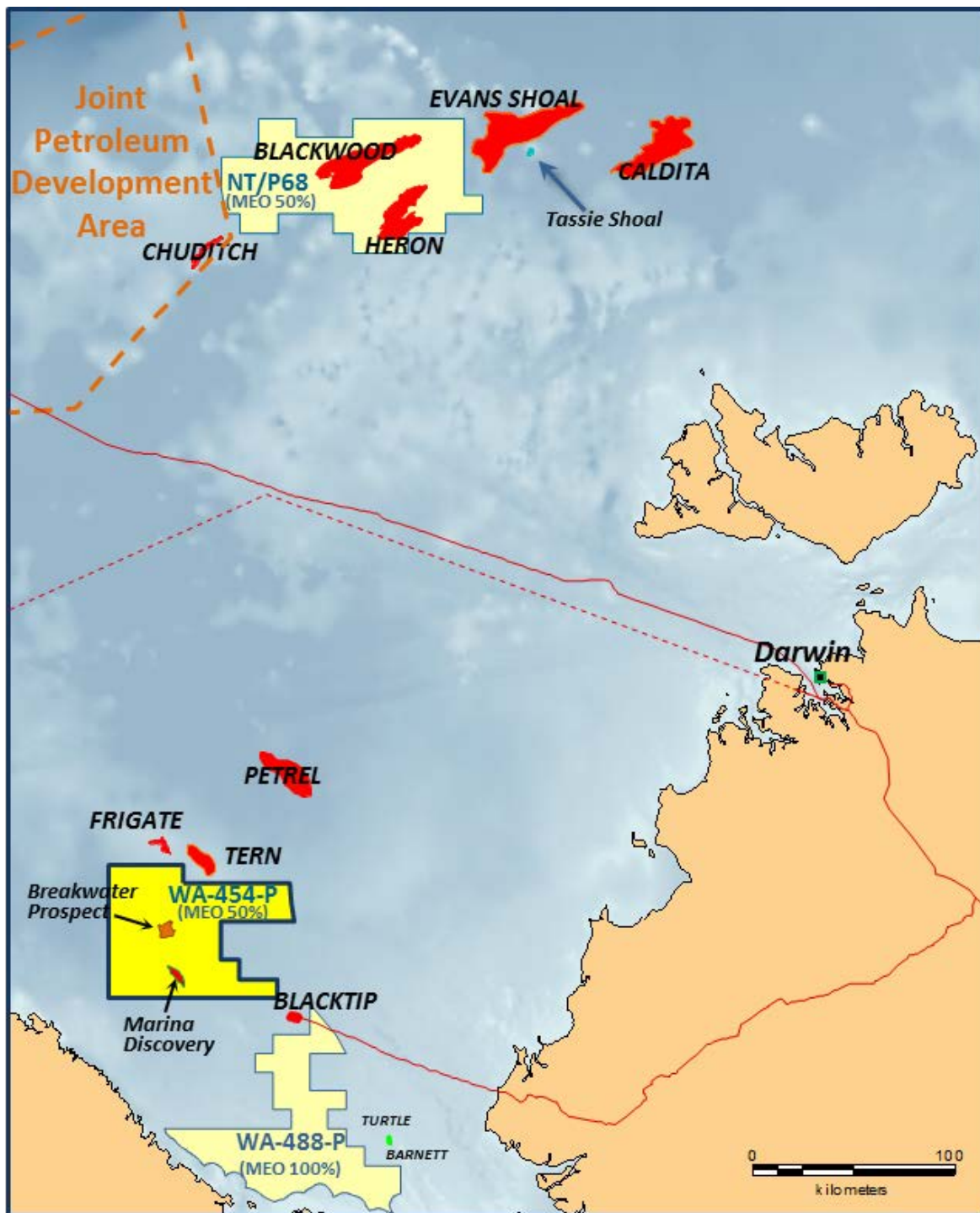


Figure 1. WA-454-P location map showing MEO permits in the region