

Overview of Block 9 PSC, Onshore Cuba

Proven hydrocarbon system, on trend with the giant Varadero oil field

The Block 9 Production Sharing Contract ("Block 9 PSC"), covers 2,380km² onshore on the north coast of Cuba, 140 km east of Havana in a proven hydrocarbon system and along trend with the multi-billion barrel Varadero oil field.



Figure 1. Block 9 location map

Block 9 has multiple other producing fields within close proximity, including the Majaguillar and San Anton fields immediately adjacent to Block 9 in addition to the Motembo field, the first oil field discovered in Cuba. MEO is prequalified as an onshore and shallow water operator in Cuba and was awarded a 100%# interest in the Block 9 PSC on 3rd September, 2015. Petro Australis Limited, an unlisted public company, holds a conditional 40% back-in option which expires on 3rd September 2017.

Cuba – Open for business

In 2014 the Cuban Government passed the Foreign Investment Act encouraging new investment in Cuba, including setting a corporate tax rate between 15% and 22.5% with a corporate tax holiday for the first eight years.

Early mover advantage

In late 2014 the United States commenced the thawing of diplomatic relations with Cuba which has included a 54-year embargo on U.S. trade with Cuba. Cuba currently produces approximately 80,000 barrels per day representing only ~50% of the oil consumption of the country. The majority of the oil industry is currently operated by the national oil company, CUPET and there is only one western company, Sheritt International from Canada, currently producing oil in Cuba.

MEO's established position in Cuba provides a strong early mover advantage ahead of ongoing strengthening of diplomatic relations between Cuba and the US.

Block 9 PSC Highlights:

Prospective resource of 395 million barrels of oil from lower sheet play*

- Three play types identified
- 8.183 billion barrels of Oil-in-Place with Prospective Resources of 395 million barrels just in the "Lower Sheet Play" (unrisked Best Estimate, 100% basis).*
- Conventional "Lower Sheet Play" with 15 individual leads is one of three identified oil plays in Block 9
- Block 9 is a low cost onshore PSC with a number of prior oil discoveries reducing exploration risk
- Accelerated drilling program to explore further strong potential of "Lower Sheet Play" now under investigation

*see Cautionary Statement on Prospective Resources on page 2

Assessment of the other two oil play types is ongoing and is expected to add significantly to the potential Oil-in-Place and Resource base of Block 9

Prospectivity Assessment of Block 9 Reaches Significant Milestone

MEO's technical assessment has identified the following three play types in Block 9:

Three play types identified

1. Lower Sheet Play (approximately 2,000 – 3,500 metres depth);
2. Upper Sheet Play (approximately 800-3,000 metres depth); and
3. Shallow Tertiary Play (approximately 400-1,200 metres depth).

Potential for high quality light oil

MEO has now completed the initial resource assessment for the Lower Sheet Play which is a conventional, fractured carbonate reservoir, similar to existing producing fields in Cuba, and is located at depths typically between 2,000 and 3,500 metres. Oil recoveries to date suggest that the Lower Sheet Play has potential for high quality light crude oil. It has demonstrated prospectivity in the western and central areas of Block 9 and is likely to be prospective in the east of Block 9, where an absence of seismic data limits the assessment. MEO's technical assessment has identified a total of 15 structural closures in the Lower Sheet Play.

Lower sheet oil-in-place estimated at 8.183 billion barrels*

Total Oil-In-Place for the Lower Sheet Play has been estimated to be 8.183 billion barrels (see Table 1), with the total Prospective Resource of 395 million barrels (unrisked, Best Estimate 100% basis) (See Table 2), with an estimated 267 million barrels net to MEO based on its net entitlement interest under the Block 9 PSC*. The recoverable volumes have been conservatively estimated using the historical 5% recovery factor for nearby Cuban fields.

Table 1: Block 9 PSC Oil-in-Place Summary for Lower Sheet Play*:

Lead Name	Chance of Discovery	Low	Best	High	mean
	%	MMstb	MMstb	MMstb	MMstb
A1	20	142	965	3,177	1,409
A2	25	130	1,275	4,447	1,917
B	16	190	1,707	5,792	2,500
C1	17	156	892	2,678	1,223
C2	18	162	1,075	3,247	1,476
C3	12	16	47	132	64
D	22	46	320	1,083	475
H	31	71	401	1,221	556
I	29	27	196	696	300
J	29	58	471	1,844	767
L	18	33	224	713	317
N	14	63	454	1,544	676
O	19	15	92	283	128
P	14	15	63	184	86
Total (unrisked 100%)		1,124	8,183	27,042	11,894

*** 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

Table 2: Block 9 PSC Prospective Resources Summary for Lower Sheet Play*:

Lead Name	Chance of Discovery	Low	Best	High	mean
	%	MMstb	MMstb	MMstb	MMstb
A1	20	7	48	159	70
A2	25	7	64	222	96
B	16	9	85	290	125
C1	17	8	45	134	61
C2	18	8	54	162	74
C3	12	1	2	7	3
D	22	2	16	54	24
H	31	1	6	20	9
I	29	1	10	35	15
J	29	3	24	92	38
L	18	2	11	36	16
N	14	3	23	77	34
O	19	1	5	14	6
P	14	1	3	9	4
Total (unrisked 100%)		53	395	1311	576
MEO Net Entitlement Interest		36	267	885	389

'Lead A2' Highest Ranked Multi Billion Barrel Prospect in Central Area of Block 9

Among the most attractive of the identified features within the Lower Sheet is Lead A2, which has a significant chance of discovery (25%) and is potentially very large with the potential for more than 4 billion barrels of Oil-In-Place and 222 million barrels of recoverable oil (unrisked, High case, 100% basis). Supporting the A2 lead, are two nearby shallow wells that have recovered oil from the Upper Sheet above the deeper A2 Lead (see Figure 2):

- Guadal-1, drilled in 1970/71 (prior to the acquisition of modern seismic data), recovered more than 30 barrels of light oil (24° API) on test; and
- Bolanos-1 drilled in 1991 recorded a recovery of 22° API oil
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These shallower oil recoveries are still being evaluated by MEO to determine if a well to test the A2 Lead could be designed to test multiple objectives.

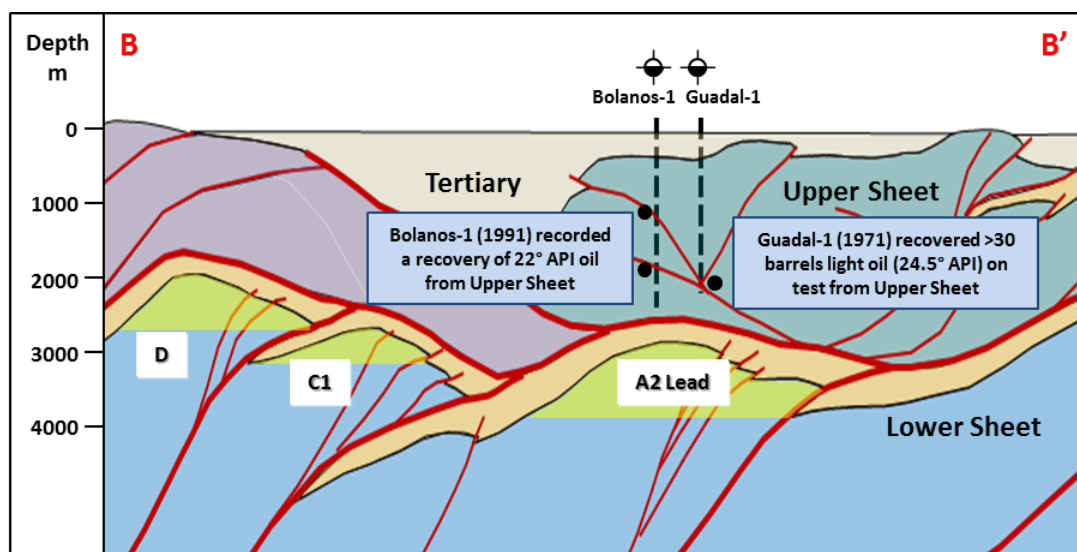


Figure 2. Schematic cross section through A2 Lead in central area of Block 9.

*see Cautionary Statement on Prospective Resources on page 2

Oil Recovery at Marti-5 Highlights Lower Sheet Potential of Western Area of Block 9

Marti-5 recovered light oil (24° API) and had oil shows over a 390 metre gross interval from the Lower Sheet section, when drilled in 1984. MEO's analysis and interpretation suggest that Marti-5 was outside of mapped closure, but it high grades the potential of the adjacent mapped structures to contain oil, particularly Leads I, J and O (see Figure 3).

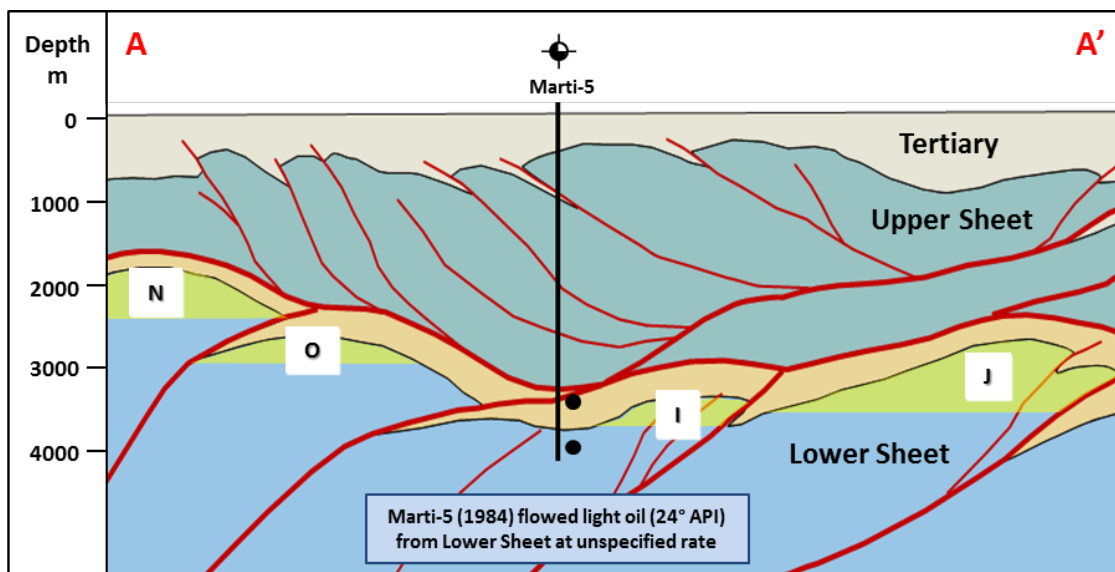


Figure 3. Schematic cross section through Marti-5 well in western area of Block 9.

Next Steps

MEO will investigate the potential to accelerate drilling in Block 9 to test the potential of the Lower Sheet Play.

In addition, MEO will investigate the merits of additional seismic data acquisition in Block 9 to better define some of the identified geological features in the Lower Sheet Play as well as extending seismic data coverage to the east of Block 9 to assess the potential of that region of the block.

MEO will also continue its assessment of the other play types within Block 9, being the Upper Sheet Play and shallow Tertiary play both of which may have significant potential, and refine the potential resource base as further information comes to hand.

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Notes

Contingent and Prospective Resources: The information in this document 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.

“MMstb” means million stock tank barrels of oil.

This assessment has been prepared by MEO in accordance with the definitions and guidelines set forth in the Petroleum Resource Management System, 2011, approved by the Society of Petroleum Engineers. The assessment is based on historical seismic and well data in Block 9 as well as surface geology and relevant data from offsetting areas. The Prospective Resource estimates have been estimated using probabilistic methods. The Low, Best and High Estimates represent respectively that there is a 90%, 50% and 10% probability that the actual resource volume will be in excess of the amounts reported. The mean volume represents the probabilistic average of the resource volume distribution.

The gross (100%) Prospective Resource estimates are based on the total anticipated oil recovery from the given feature.

The net entitlement interest is based on the anticipated cost recovery oil and MEO's share of profit oil under the terms of the Production Sharing Contract. MEO's average net entitlement interest has been estimated to be 67.5%, but will ultimately be dependent on production costs, production rates of future discoveries and prevailing oil prices.

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Subject to 40% conditional dated back in option held by unlisted Petro Australis Limited which expires in September, 2017.