

Quarterly activities summary for Period ended 30th September 2011

Key Points

- **Eni Australia Limited assumes operatorship of NT/P68 following receipt of regulatory approvals**
- **Rig contract awarded for ENSCO-109 jack-up to drill Heron-3**
- **Commences multi-client 3D seismic acquisition in WA-361-P**
- **Petrobras to withdraw from WA-360-P prior to permit renewal**
- **Consolidated cash balance at 30th September A\$90.2 million (\$0.167/share)**
- **Share buy-back announced following period of trading below cash backing**

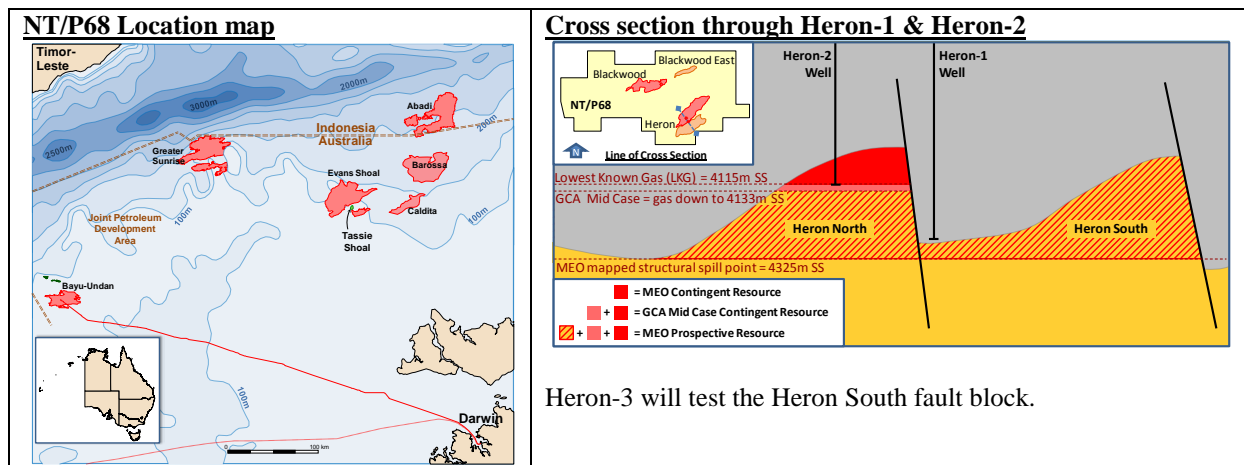
MELBOURNE, AUSTRALIA (12th October, 2011)

MEO Australia Limited (ASX: **MEO**; OTC: **MEOAY**) provides the following summary in relation to its activities for the quarter ended 30th September 2011.

Bonaparte Basin

NT/P68 (MEO 50%, Eni Australia Ltd 50% & Operator)

On 5th July, MEO advised that the Designated Authority had approved and registered the transfer and dealings in relation to the farm-in by Eni Australia Ltd (Eni). Eni is earning an initial 50% interest in the Heron area of NT/P68 by funding the drilling of Heron-3 and Heron-4 and has an option to earn a 50% interest in the Blackwood area by acquiring a minimum 500 km² of 3D seismic over the Blackwood structure and drilling Blackwood-2 (refer ASX release 18th May 2011).



During the quarter, Eni assumed Operatorship and commenced planning for the drilling of Heron-3. On 4th October, MEO reported that it had received advice from Eni that a contract had been awarded to EnSCO Australia Pty Limited (“EnSCO”) for the provision of the ENSCO-109 jack-up drilling rig and associated services to drill Heron-3 which is designed to test the Heron South fault block. The rig is expected in early March 2012.

Tassie Shoal Gas Processing Projects (MEO 100%¹)

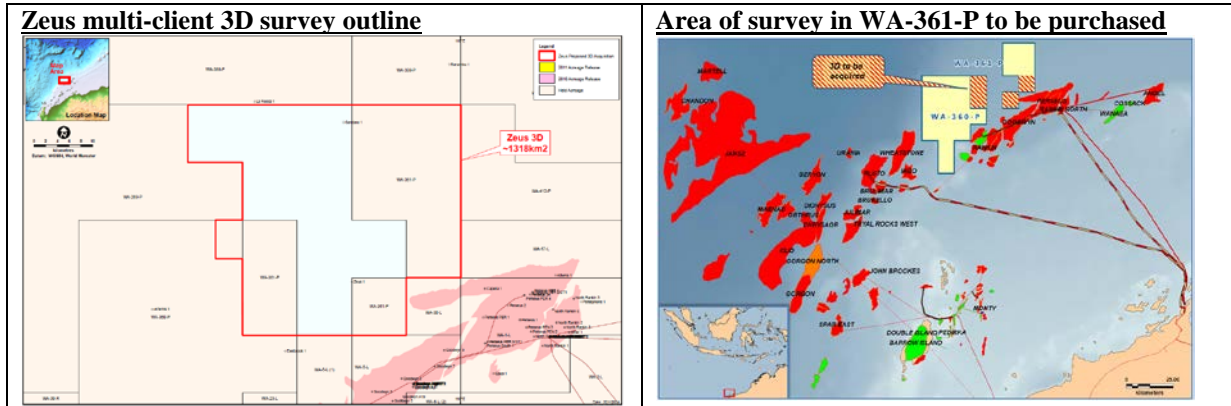
MEO continued to promote the virtues of the approved Tassie Shoal projects as logical development hub and to secure feed-gas from regional custodians of stranded gas discoveries for these projects.

¹ Air Products & Chemicals Inc has an option to earn a 50% interest in the Tassie Shoal Methanol Project pursuant to a Joint Development Agreement dated 2004 and a subsequent amendment agreement dated 2006.

Carnarvon Basin

WA-361-P (MEO 50% & Operator, Mineralogy 35%, Cue Energy 15%)

During the quarter, MEO executed a contract with Fugro Multi Client Services Pty Ltd to purchase 363 km² of the planned 1,318 km² Zeus multi-client 3D survey. The survey is designed to mature the Heracles lead and other leads towards prospect status as potential candidates for drilling in 2014.



Acquisition of the survey commenced on 6th September and is expected to be completed in late October. The final processed survey is expected to be delivered during 2Q-2012. This work will satisfy the Permit Year 2 (Jan 2012 – Jan 2013) work program obligation.

WA-360-P (MEO 25% & Operator, Petrobras 50%, Cue Energy 15%, Moby Oil & Gas 10%)

During the quarter, MEO began the permit renewal submission process. On 22nd September, MEO received notice that Petrobras had elected to withdraw from the permit effective at the end of the current permit year and not participate in the renewal process and their equity will be distributed pro-rata amongst the remaining parties.

Petrel sub-basin

WA-454-P (MEO 100%)

Since the acreage award (refer ASX release dated 14th June 2011), MEO has been assimilating the available technical data ahead of planning for the Permit Year 1 seismic acquisition commitment.

Vulcan sub-basin

AC/P50 (MEO 100%)

Planning for the current permit year seismic acquisition commitment continued during the quarter.

AC/P51 (MEO 100%)

Planning for the current permit year seismic acquisition commitment continued during the quarter.

AC/P53 (MEO 100%)

MEO accepted an offer of this gazettal block which was formally awarded on 8th July.

Indonesia

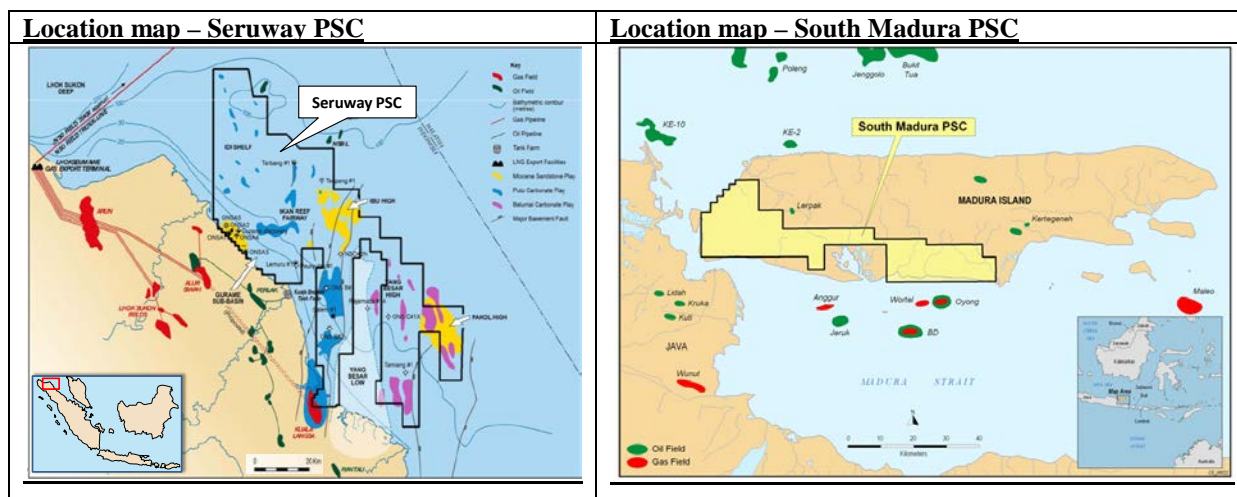
South Madura PSC, East Java (MEO 30%)

On 27th June MEO announced that it had executed a binding sales and purchase agreement to acquire all of the shares of South Madura Exploration Company which has a 30% interest in the South Madura PSC from Cooper Energy for a cash consideration of US\$0.5 million.

During the quarter, the Joint Venture approved the transfer of Operatorship to a subsidiary of AED Oil (60% interest).

Seruway PSC, North Sumatra (MEO 100%)

On 28th June, MEO announced that it had executed a binding sales and purchase agreement to acquire all of the shares in Transworld Seruway Exploration Limited which holds a 100% interest in the Seruway PSC, offshore North Sumatra from Transworld Exploration Limited for an initial cash consideration of US\$5.0 million.



The PSC contains two significant gas discoveries – Gurame & Kuala Langsa – together with a number of wells that have intersected and tested gas and condensate. The PSC is strategically situated in close proximity to LNG infrastructure which has under-utilised capacity and a strong domestic gas market. MEO has committed to acquiring 700 km² 3D seismic and drill one well by the end of 2012. During the quarter, preparations were made to tender for the acquisition of the 3D seismic program.

New Ventures

A number of new opportunities were evaluated. MEO continues to seek attractive opportunities to supplement its current acreage portfolio.

Cash balance at end of quarter

At 30th September 2010, the consolidated cash balance was A\$90.2 million equivalent to \$0.167/share.

On 28th September, MEO announced it intended to initiate an on-market share buy-back for up to 10% of its issued capital following a period during which its shares traded at well below cash backing. The share buy-back allows for the purchase of up to 47.7 million shares over a 12 month period commencing on/about 13th October.

Priorities for the current quarter ending 31st December 2011

- Award contract for and commence acquisition of 700km² 3D seismic in Seruway PSC
- Plan seismic acquisition programs in AC/P50, 51, 53 and WA-454-P
- Submit permit renewal application for WA-360-P
- Seek to advance Tassie Shoal gas projects towards commercial development
- Continue to seek attractive New Venture opportunities to supplement acreage portfolio

Jürgen Hendrich
Managing Director & Chief Executive Officer