

ASX & Media Release

Seruway PSC - Gurame SE-1XST Progress Report No. 10

Key Points:

- Cut 13.4m core, recovered 12.36m (92.2%)
- Drilled 8½" hole to 2,821.8mMDRT, encountered lost circulation zone & treated same
- Drilled 8½" hole to section TD at 2,962mMDRT
- Currently running wireline logs, prior to setting 7" liner & drilling ahead to lower targets

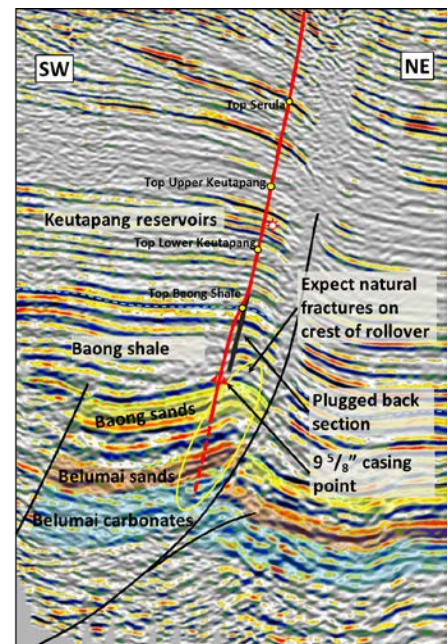
MELBOURNE, AUSTRALIA (12th November, 2012)

MEO Australia Limited (ASX: **MEO**; OTCQX: **MEOAY**) provides the following update in relation to Gurame SE-1XST being drilled in the Seruway PSC, offshore North Sumatra.

Since the last report, a conventional core was cut over a 13.4m interval from 2,794-2,807.4mMDRT at which point coring was terminated and 12.36m (92.2%) of core was recovered.

Drilling resumed in 8½" hole until 2,821.8mMDRT where mud circulation was lost within the Baong sands. Following stabilization of mud losses, drilling continued to the planned section TD at 2,962mMDRT in the Lower Baong shale. Gas shows continued to be observed to section TD.

At 2400 hrs (Jakarta time) on 11th November, a suite of wireline logs was being acquired. The forward plan is to complete the wireline logging program, set a 7" liner prior to increasing mud weight and drilling ahead to the lower targets.



Progress Summary

Progress since last report:

- Cut 13.4m core from 2,794mMDRT, recovered 12.36m (92.2%)
- Drilled 8½" hole to 2,821.8mMDRT – lost circulation in Baong sands, treated zone with LCM
- Drilled to planned section TD at 2,962mMDRT, commenced wireline logging program

Present Operation (at 2400hrs Jakarta time, 11th November)

- Acquiring wireline logs over first objective

Outlook:

- Complete wireline logging program and run 7" liner, prior to drilling ahead to lower targets

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

"We are highly encouraged by the gas observed in the first of the primary objectives."



Jürgen Hendrich
Managing Director & Chief Executive Officer



The Gurame gas and oil field was discovered in 1968. The first well drilled on the field encountered hydrocarbons and experienced a loss of control (blowout) from the Baong Sandstone. Subsequent wells were drilled in a manner to prevent a recurrence of this unfortunate event. MEO's technical assessment is that the drilling practices employed may have compromised reservoir performance.

Although the blowout demonstrated both the presence of hydrocarbons and the ability of the reservoir to flow at high rates, high mud weights used in the subsequent wells at this time may have damaged the reservoir close to the well bore, leading to uncertainty about reservoir performance. Formation Interval Tests (FITs) on these wells recovered both oil and gas low in CO₂ from several intervals.

The FIT data and all other available other data was collated and evaluated by SOEL under the direction of MEO and resulted in the interpretation summarised in the simplified cross section below.

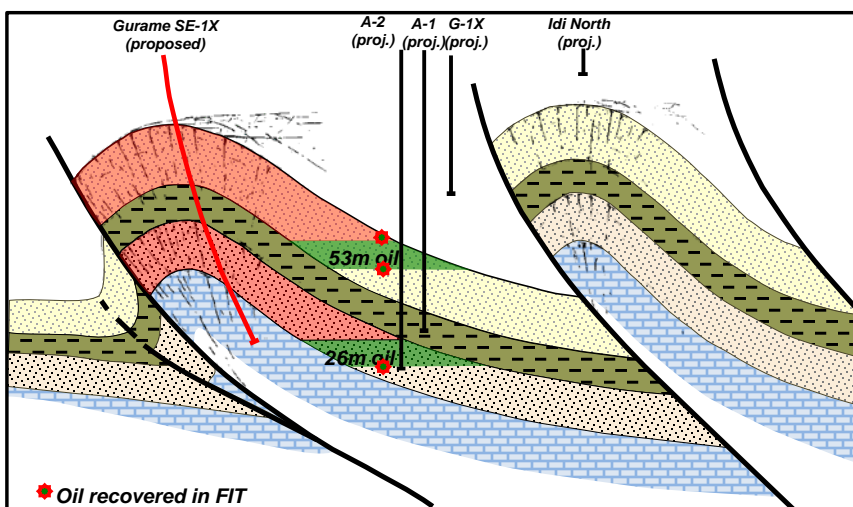


Figure 1. – Simplified Structural Cross Section

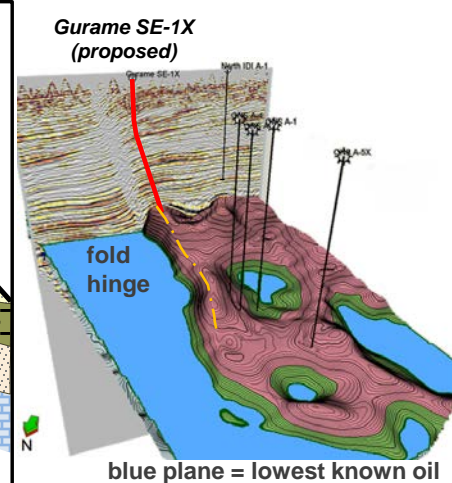


Figure 2. 3D render of Gurame field

Gurame SE-1X has been located near the crest of the closed structure which has been defined by modern 3D seismic data. A major objective of the well is to determine the performance capability of the Baong and Belumai reservoirs. Reservoir performance is likely to be enhanced by the expected development of natural fractures associated with the fold hinge adjacent to the crestal region of the structure. Drilling techniques will be employed to reduce the potential for formation damage.

MEO's internal resource assessment estimated the P50 recoverable resource of the Gurame field to be 0.5 Tcf of low CO₂ gas and 57 mmbbl of liquids.

Figure 2. - Gurame Prospective Resource Assessment - MEO Preliminary Estimate

Total Baong & Belumai Reservoirs	Unit	P90	P50	P10
Recoverable Hydrocarbon Gas	Bscf	273	497	863
Recoverable Oil and Condensate	MMstb	27	57	126

Subject to success of the well, the Gurame discovery represents the most likely current candidate for early development. Initial studies of potential development plans for the P50 resources case have included both a gas only development to supply local regional gas demand and an oil development with future gas cap blowdown.