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ASX & Media Release

Heron South-1 Rig Status

Key Points:

- Rig handover anticipated to occur 15th August 2012
- 4 day tow to Heron South-1 location

MELBOURNE, AUSTRALIA (6th August, 2012)

MEO Australia Limited (ASX: **MEO**; OTC: **MEOAY**) advises that Eni Australia Ltd (Eni) as operator of the NT/P68 exploration permit has confirmed that it will take over the ENSCO 109 drilling rig on 15th August and after an anticipated 4 day tow the rig expects to arrive at the Heron South-1 location on or around the 19th August.

Eni is undertaking the drilling of the Heron South-1 well in accordance with the farm-in agreement details of which were disclosed in the ASX release dated 18th May 2011. Heron South-1 is part of the work program Eni has agreed to complete in order to earn a 50% participating interest in the permit. Eni has sixty days after the well has been drilled to elect to either drill a second Heron well or withdraw from participation in the Heron area.

Under a separate provision of the farm-in agreement, Eni has the option to elect to earn 50% in the Blackwood gas discovery by carrying MEO's costs through the acquisition of a minimum of 500km² of 3D seismic and drilling one well in the Blackwood area. Eni completed the 766km² Bathurst 3D seismic survey on the 5th January 2012 and has 365 days from this date to elect to drill a well on the Blackwood discovery or withdraw from participation in the Blackwood area of the permit.

MEO intends to provide the next status report once Heron South-1 commences drilling, expected to be several days after the Ensco 109 arrives on location

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

"We are delighted that Heron South-1 will soon commence drilling. Since the Heron-2 well discovered gas in early 2008, MEO has been working towards appraisal of the discovery. We are very pleased to be partnering with Eni and look forward to a safe and successful drilling program "

Jürgen Hendrich
Managing Director & Chief Executive Officer