

ASX & Media Release

Seruway PSC - Gurame SE-1X Progress Report No. 2

Key Points:

- Hercules #208 drilling rig arrived on location on Friday 21st September
- Gurame SE-1X well spudded at 0600 on 23rd September local time
- Currently opening 8-1/2" pilot hole to 26" at 144m MDRT ahead of running 20" casing

MELBOURNE, AUSTRALIA (24th September, 2012)

MEO Australia Limited (ASX: **MEO**; OTCQX: **MEOAY**) advises that the Hercules #208 rig arrived at the Gurame SE-1X location on Friday 21st September. The well was spudded at 0600 local time on 23rd September after the 30" conductor was driven to 57m below mud line. A precautionary 8½" pilot hole was drilled to a depth of 202mMDRT (measured depth below rotary table) and at 0600 this morning had been opened to 26" to a depth of 144mMDRT. Hole opening to 26" will continue to 202mMDRT where 20" surface casing will be run and cemented.

Progress Summary

Progress since last report:

- Arrived on location Friday 21st September
- 30" conductor driven to 57m below mud line
- Spudded well 0600 Sunday 23rd September
- Drilled 8½" pilot hole to 202mMDRT

Present Operation (at 0600 Jakarta time, 24 Sept 2012)

- Opening 8½" hole to 26"

Outlook:

- Open 8-1/2" hole to 26"
- Run and cement 20" surface casing.
- Drill 16" hole to approximately 815mMDRT
- Run and cement 13 3/8" casing
- Drill 12¼" hole to approximately 2,630mMDRT
- Run and cement 9 5/8" casing
- Drill and cut cores to approximately 3,374mMDRT TD



Hercules #208 rig at Gurame SE-1X location

An overview of Gurame is provided overleaf and a detailed technical supplement is attached.

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

"The safe arrival of the rig at the Gurame SE-1X location and spudding the well are significant milestones. Gurame is a significant discovered resource with the potential to move rapidly into commercial development pending a successful outcome in this well."



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.

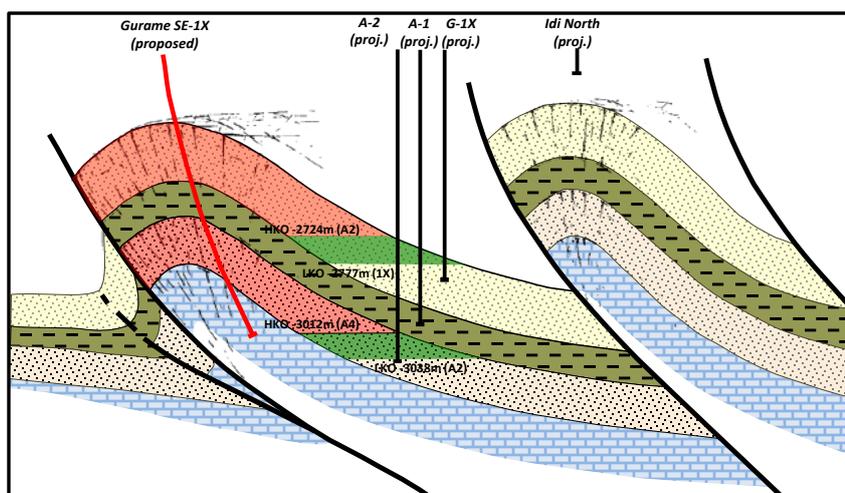


Figure 1. – Simplified Structural Cross Section

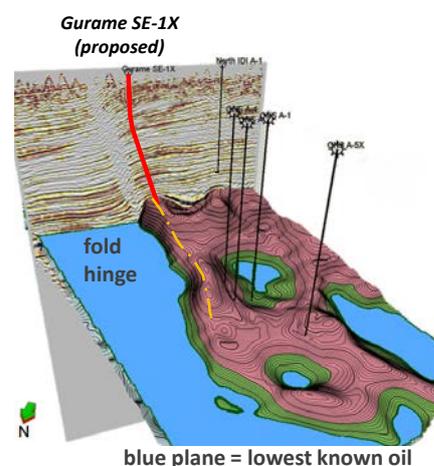


Figure 2. 3D render of Gurame field

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.