MEO Australia Limited
ABN 43 066 447 952

Level 23
500 Collins Street
Melbourne Victoria 3000
Australia

Tel: +61 3 8625 6000
Fax: +61 3 9614 0660
Email: admin@meoaustralia.com.au
Website: www.meoaustralia.com.au

ASX & Media Release

Seruway PSC - Gurame SE-1XST Progress Report No. 8

Key Points:

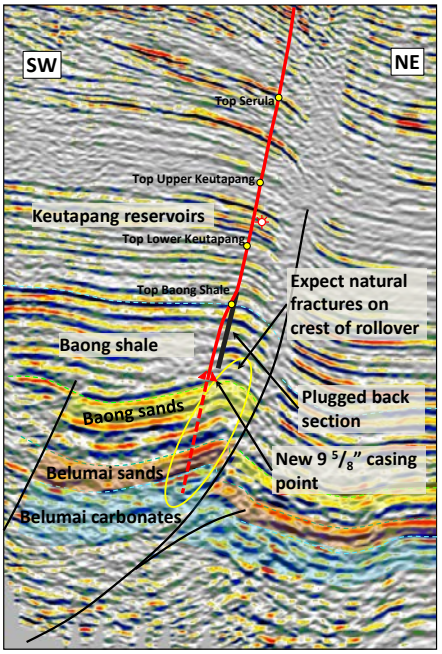
- 12 ¼" hole successfully sidetracked to 2,681mMDRT (9 5/8" casing point)
- Currently running 9 5/8" casing

MELBOURNE, AUSTRALIA (**29th October, 2012**)

MEO Australia Limited (ASX: **MEO**; OTCQX: **MEOAY**) advises the following update in relation to the Gurame SE-1X well being drilled offshore North Sumatra in the Seruway PSC using the Hercules #208 drilling rig.

Since the last report, the 12¼" hole was sidetracked from 2,099mMDRT to 2,681mMDRT. At 0200 hrs Jakarta time on 29th October the 9 5/8" casing had been run to 1,478mMDRT.

The forward plan is to complete running and cementing the 9 5/8" casing prior to drilling out to the first objective the Baong sands.



Progress Summary

Progress since last report:
- Sidetracked from 2,048mMDRT to 2,681mMDRT
- Commenced running 9 5/8" casing

Present Operation (at 0200hrs Jakarta time, 29th October)
- Running 9 5/8" casing at 1,478mMDRT

Outlook:
- Complete running and cementing 9 5/8" casing
- Drill and cut cores to approximately 3,374mMDRT

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

Jürgen Hendrich
Managing Director & Chief Executive Officer

Gurame Overview, Seruway PSC, Indonesia

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 CO_2 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.

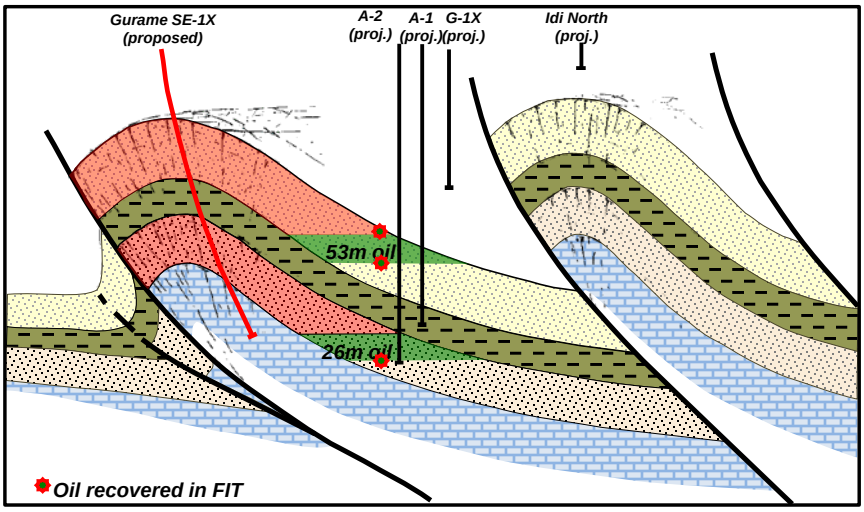


Figure 1. – Simplified Structural Cross Section

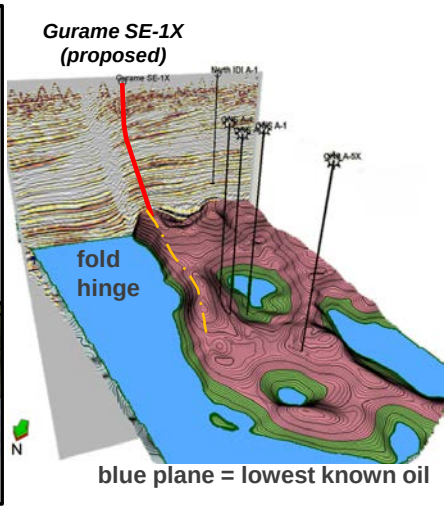


Figure 2. 3D render of Gurame field

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 CO_2 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.