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Quarterly activities report for Quarter ending 31st March 2010

Key Points

- Finalises WA-360-P farm-in with Petrobras
- Secures option over drilling rig for Artemis-1 in late 2010
- Accepts renewal of NT/P68 for further 5 years
- Consolidated cash balance at 31st March A\$39.4m

MELBOURNE, AUSTRALIA (15th April, 2010) - MEO Australia Limited (ASX: MEO) provides the following update in relation to its activities for the quarter ended 31st March 2010.

WA-360-P (MEO 20% & Operator, Petrobras 50%, Moby Oil & Gas 15%, Cue Energy 15%)

During the quarter, MEO continued to finalise a farm-in by Petrobras for a 50% interest in the permit. Subsequent to the end of the quarter, MEO announced details of the farm-in and the terms of the transaction (refer http://www.meoaustralia.com.au/icms_docs/68715_MEO_Executes_binding_farm-in_agreement.pdf).

Discussions with drilling rig operators aimed at securing a rig to drill the Artemis-1 well in the second half of 2010, resulted in MEO securing an option over one rig and being offered a slot on a second rig subject to availability. MEO expects to select one of these alternatives during the current quarter.

WA-361-P (MEO 35%, Operator, RDI 35%, Cue Energy 15%, Gas Corp 15%)

The Zeus-1 basic well completion report was submitted to the Designated Authority during the quarter. The interpretive well completion report is nearing completion. Further technical work was undertaken aimed at defining additional prospectivity ahead of submitting an acreage renewal application later this year.

WA-359-P (MEO 0%, Cue Energy 50%, Exoil 50%)

Subsequent to MEO allowing its well option in relation to this permit to expire on 31st December 2009 without being exercised, the Company re-assigned its 60% equity to Cue and Exoil.

NT/P68 (MEO 100%)

MEO accepted an offer from the Designated Authority for a 5 year renewal of the permit from February 2010. The Company is awaiting receipt of formal advice that this acreage has been awarded.

Approved Gas Processing Projects (MEO 50-100%)

The Company continued to promote its regional gas development hub at Tassie Shoal and the economic benefits of CO₂ sequestration into a saleable commodity - methanol. During the quarter, Santos announced the sale of its 40% interest in the nearby Evans Shoal gas field for up to A\$200m, comprising A\$100m cash and two milestone payments of A\$50m each. The purchaser has stated it is proposing to use the high CO₂ gas for methanol production.

This transaction directly highlights the potential value of undeveloped gas discoveries in the region and augers well for the Company's two gas discoveries at Heron and Blackwood in the company's 100% owned NT/P68.

New venture opportunities

MEO progressed a number of New Venture opportunities during the quarter pending the finalization of its WA-360-P farm-in.

Cash balance at end of quarter

At 31st March 2010, the consolidated cash balance was A\$39.4m.

Priorities for the quarter ending 30th June 2010

- Progress applications for regulatory approvals in relation to WA-360-P farm-in by Petrobras
- Execute drilling rig contract to drill Artemis-1 in late 2010
- Prepare for drilling of Artemis-1
- Continue efforts to secure 3rd party gas for approved Tassie Shoal projects
- Continue discussions with prospective partners for Tassie Shoal gas processing hub
- Progress New Venture opportunities



Jürgen Hendrich
Managing Director & Chief Executive Officer