

ASX & Media Release

Blackwood-2 Progress Report No.1

Key Points:

- Ensco 104 drilling rig handed over to the NT/P68 Joint Venture on 26th October
- Rig on location at Blackwood-2 location and preparations underway to spud well

MELBOURNE, AUSTRALIA (28th October, 2013)

MEO Australia Limited (ASX: **MEO**; OTCQX: **MEOAY**) advises that the Ensco 104 jack up drilling rig was handed over to the NT/P68 Joint Venture on 26th October and arrived on location on 27th October. The drilling program is expected to take around 65 days.

Blackwood-2 is expected to spud within the next few days and is planned to be drilled to a depth of 3,360mRT. The appraisal well is approximately 8km from the Blackwood-1 discovery well and will provide a greater understanding of the distribution of reservoir properties, clarify the position of the Gas-Water-Contact and provide an indication of productivity.

The drilling of Blackwood-2 is an obligation under the NT/P68 Farm-in Agreement (FIA) dated 17th May 2011 between Eni Australia Limited (Eni) and MEO. Under the FIA and subsequent amendment, MEO's 50% participating interest share of the costs of the well will be carried.

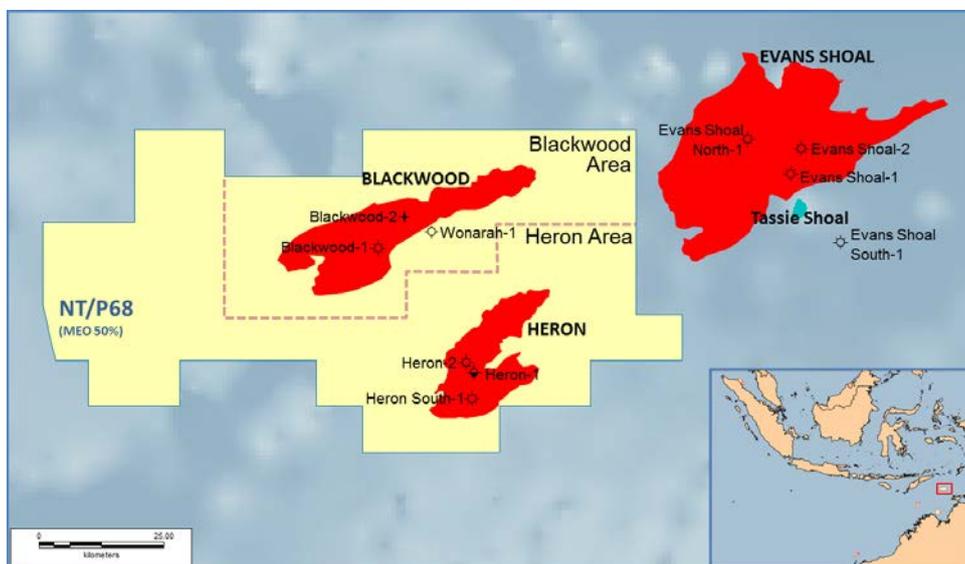
MEO intends to release weekly progress reports.

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

"We have eagerly been awaiting the drilling of the Blackwood-2 appraisal well. The results will help us to gain a better understanding of the resource size and the potential for the resource to underpin or complement a commercial development."



Jürgen Hendrich
Managing Director & Chief Executive Officer



Location Map.

Northern Bonaparte Basin

NT/P68 Exploration Permit (MEO 50%)

History

The NT/P68 Exploration Permit is located approximately 300 km northwest of Darwin in the Timor Sea. It was awarded to MEO subsidiaries Oz-Exoil Pty Ltd and TSP Arafura Petroleum Pty. Ltd. on 23rd February 2004.

In June 2007 MEO farmed out a 10% interest in the permit to Petrofac Resources Limited in return for Petrofac carrying 25% of two exploration wells. Heron-2 was drilled in December 2007 and flowed gas to surface at more than 6 MMscfd from the Elang formation in an open hole test prior to the hole collapsing. Petrofac declined to participate in the second well of the program and MEO drilled Blackwood-1 in February 2008 at 100% equity.

Blackwood-1 encountered a 48m gross gas column in the Plover formation above an uncertain gas/water contact. As Blackwood-1 was a wildcat exploration well, a production test was not planned or carried out.

Discovered resources with upside potential

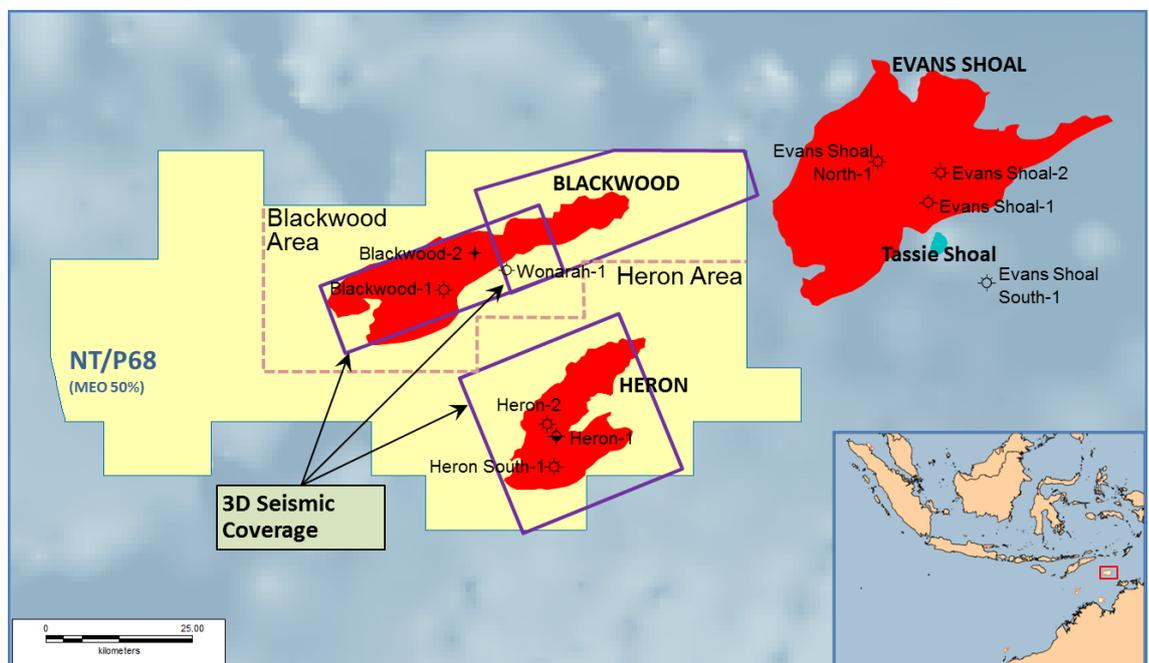


Figure 1. Location map showing well locations and 3D seismic coverage.

In October 2009, Petrofac withdrew from the permit and returned its partially earned equity to MEO. Petrofac was relieved of its obligations under its farm-in arrangements.

In April 2010, MEO renewed the permit, relinquishing the less prospective southern portion of the permit while retaining the Heron and Blackwood areas.

Eni Farmin

Carried work program

On 17 May 2011, MEO executed a farmout agreement with Eni Australia Limited ("Eni") for 50% of the entire permit in return for funding a work program including a 3D seismic survey and a well in the Blackwood area and 2 wells in the Heron Area.

3D Seismic Coverage

3D Seismic coverage of key areas of Permit

The permit has modern 3D seismic coverage over most of the Heron and Blackwood mapped fields. The Bathurst 3D survey was acquired by Eni in December 2011 as part of the farm-in arrangements referred to above.

Heron

The Heron-2 well, drilled in 2008, encountered more than 200m of gross gas column in the Plover sands in the Heron north structure.

Significant gas resource at Heron

Heron South-1 was drilled by Eni in 2H-2012 and was interpreted to have intersected two gross sandstone intervals of approximately 120m and 115m thickness separated by approximately 130m of shale and silt. Production tests on the two intervals proved movable gas but did not flow gas at commercial rates.

The low flow rates observed during production testing indicates low primary reservoir permeability and the absence of secondary permeability (due to natural fractures) at the well location. MEO's technical assessment predicts the possibility of natural fracturing in the Greater Heron structure which may provide areas of improved reservoir productivity.

Additional studies are underway to better understand the causes of and distribution of reservoir productivity and determine whether sweet spots can be predicted at Heron.

Blackwood

Blackwood-2 appraisal drilling planned

The gas water contact depth at Blackwood-1 could not be unambiguously determined from the 2008 well results but is indicated from MDT pressure data at 3,190mSS. MEO has assessed contingent (i.e. discovered but not proven economic) resources above 3,190mSS and prospective (i.e. unproven) resources below 3,190mSS down to 3,225mSS.

Blackwood-2 is expected to commence drilling in early November 2013 and is targeted to confirm the depth of the gas water contact, the gas quality and the productivity of the reservoir at this location.

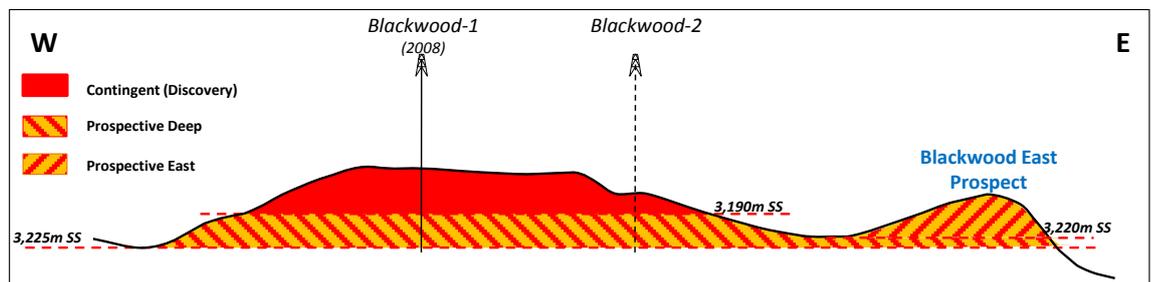


Figure 2. Diagrammatic cross section showing indicative well locations.

Resource Assessment

MEO's assessment of the Blackwood and Heron resources is summarised in the tables below:

Gross Contingent^① Resources (100% share^②)

Discovery Name			1C	2C	3C
Blackwood	Gas	Bscf	373	542	756
	Total Liquids ^③	MMstb	1	2	3
Heron	Gas	Bscf	46	113	1,194
	Total Liquids ^③	MMstb	-	-	-

Discovered and prospective resources

Gross Prospective Resources (100% share^②)

Prospect Name			Low	Best	Mean	High
Blackwood - Deep	Gas	Bscf	616	897	918	1,250
	Total Liquids ^③	MMstb	2	3	3	5
Blackwood East	Gas	Bscf	149	217	222	302
	Total Liquids ^③	MMstb	-	1	1	1

^① Resources defined as contingent on the basis that evaluation of the accumulations are currently insufficient to clearly assess commerciality

^② MEO share can be derived by pro-rating the resource ranges described above by its 50% equity.

^③ Total Liquids = oil + condensate