

ASX & Media Release

MEO increases participating interest in South Madura PSC to 90%

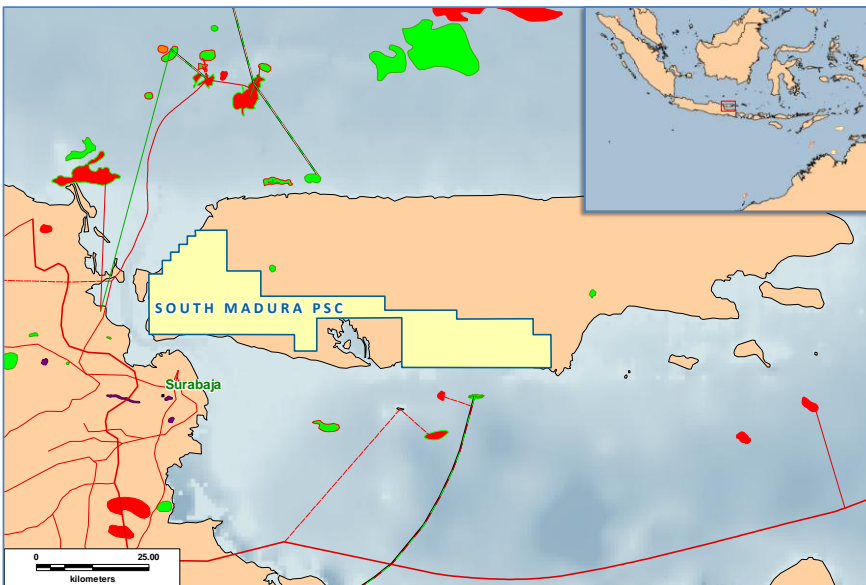
Key Points:

- Executes binding agreements to acquire additional 60% interest in South Madura PSC
- Participating interest increases from 30% to 90% subject to regulatory approvals
- US\$0.3 million consideration payable upon completion of the transaction

MELBOURNE, AUSTRALIA (28th December, 2011)

MEO Australia Limited (ASX: **MEO**; OTC: **MEOAY**) is pleased to announce that South Madura Exploration Company Ltd (SMEC), a wholly owned subsidiary of MEO, has executed binding transaction documents to acquire an additional 60% participating interest in the South Madura PSC, onshore Madura Island, Indonesia, from AED South Madura BV. In June this year, MEO acquired a 30% participating interest in the PSC. Consideration for the acquisition is US\$0.3 million payable upon completion of the transaction and receipt of requisite Governmental approvals.

South Madura PSC Location Map:



The South Madura PSC covers an area of 1,586 km² and expires on 13th October 2013. PT Eksindo South Madura holds 10%. MEO considers the PSC to be prospective for oil.

Subject to completion of the transaction, MEO intends to apply to the regulator for a variation to the work program involving acquisition of seismic to advance one of several identified leads to a drillable prospect status.

In the event that MEO completes the transaction, obtains regulatory approval for a work program variation, acquires seismic and matures one of the identified leads to drillable status, a partner will be sought to fund a potential 2013 drilling campaign.

This acquisition is consistent with MEO's strategy of expanding its portfolio by securing a high initial participating interest at a low entry cost in areas with proven hydrocarbon systems, where the Company considers it can add technical value before farming down to larger industry participants who are seeking attractive, drill ready, growth opportunities.



Jürgen Hendrich
Managing Director & Chief Executive Officer