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ASX & Media Release

MEO regains 100% interest in NT/P68

Key Points:

- **Petrofac Oceania & MEO execute NT/P68 Deed of Withdrawal, 10% interest re-assigned to MEO**
- **Heads of Agreement over Tassie Shoal Projects terminated**
- **Option granted to Petrofac Energy Developments until 30th June 2011 to acquire 5% interest in NT/P68 & Tassie Shoal Projects**

MELBOURNE, AUSTRALIA (**October 19th, 2009**) MEO Australia Limited (ASX: **MEO**) advises the following in relation to its NT/P68 Exploration Permit (the "Permit"), offshore Northern Australia.

Background

Pursuant to a farm-in agreement dated 29th May 2007, Petrofac Energy Developments Oceania Limited ("Petrofac Oceania") and MEO (the "Parties") agreed that Petrofac Oceania would earn a 10% interest in the Permit by funding 25% of the cost of two wells to an agreed cap. The Parties also entered into various Heads of Agreement ("HOA's") granting Petrofac Oceania the right to earn a 10% interest in each of the Tassie Shoal gas processing projects. The Parties drilled the Heron-2 well in early 2008 which resulted in the declaration of a gas discovery. MEO sole risked the subsequent Blackwood-1 well which also resulted in the declaration of a gas discovery. As such, the farm-in agreement remained only partially fulfilled.

Termination of NT/P68 farm-in agreement

The parties have mutually agreed to terminate the NT/P68 farm-in agreement and have executed a deed of withdrawal. Petrofac Oceania's partially earned 10% interest in the permit will be re-assigned to MEO. The Heads of Agreement ("HOA's") under which Petrofac Oceania had certain rights to earn a 10% interest in the Tassie Shoal gas processing projects have also been terminated.

Option deed for 5% interest in Permit and Tassie Shoal Projects

Separately MEO has granted Petrofac Energy Developments Limited an option expiring on 30th June 2011, to acquire a 5% interest in NT/P68 and an equivalent right in the Tassie Shoal Projects. To trigger the option over NT/P68, a payment representing a multiple of the Permit back costs at the time would be made.

Impact on MEO

MEO regains 100% interest in its NT/P68 Exploration Permit and 100% interest in its Timor Sea LNG Project. The Tassie Shoal Methanol Project reverts to a 50/50 Joint Venture with Air Products and Chemicals Inc. ("Air Products"). The Company is currently finalising a renewal application for NT/P68 ahead of the expiry of the Permit in February 2010. The renewal will be for five years comprising a 3 year primary and 2 year secondary term and involves a mandatory 50% relinquishment of the 12,000 km² permit. Following permit renewal (expected 1Q'2010), MEO plans to attract a farm-in partner to assist with the appraisal of its two gas discoveries. Several unsolicited expressions of interest have already been received by the Company.

Jürgen Hendrich

Managing Director & Chief Executive Officer

19th October 2009