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## ASX & Media Release

### Activity update

#### Key Points:

- **Farminee internal legal review of documentation is at an advanced stage**
- **Two suitable drilling rig options identified for drilling Artemis-1 in 2<sup>nd</sup> half of 2010**
- **Actively screening New Venture opportunities for attractive growth options**

MELBOURNE, AUSTRALIA (**February 11<sup>th</sup>, 2010**) MEO Australia Limited (ASX: **MEO**) provides the following update on company activities since the release of the December Quarterly Activities Report on 14<sup>th</sup> January 2010.

#### **WA-360-P Farm-in (MEO 70%, farming down to 20%)**

As previously advised, MEO's preferred Farminee to WA-360-P received Board of Director approval in December to complete the farm-in transaction. MEO has been working diligently with the preferred Farminee to finalise the relevant documentation and execute binding agreements as soon as possible.

This process has taken longer than anticipated in part due to the Christmas-New Year holiday period, and in part due to the new country entry for the preferred Farminee. The preferred Farminee's internal legal review is at a very advanced stage. This has entailed an exhaustive examination of all relevant documentation and regulatory processes which differ from country to country. To date this process appears to have raised only minor issues that should be readily resolvable.

A submission seeking FIRB approval can only be made once legally binding agreements have been executed. MEO anticipates the FIRB submission and assessment will be a routine process.

#### **WA-360-P Artemis-1 Exploration Well**

In December 2009, following advice that the preferred Farminee had received Board of Director approval for the transaction, MEO triggered its option to fund the Permit Year 5 commitment well in WA-360-P thereby completing its farm-in for a 70% interest in the Permit. The company plans to drill the Artemis prospect which MEO estimates contains mean prospective resources of approximately 12 Tcf in two Jurassic aged reservoirs with an assessed 32% chance of geological success.

#### **Potential hydrocarbon distribution East Artemis (WA-360-P)**

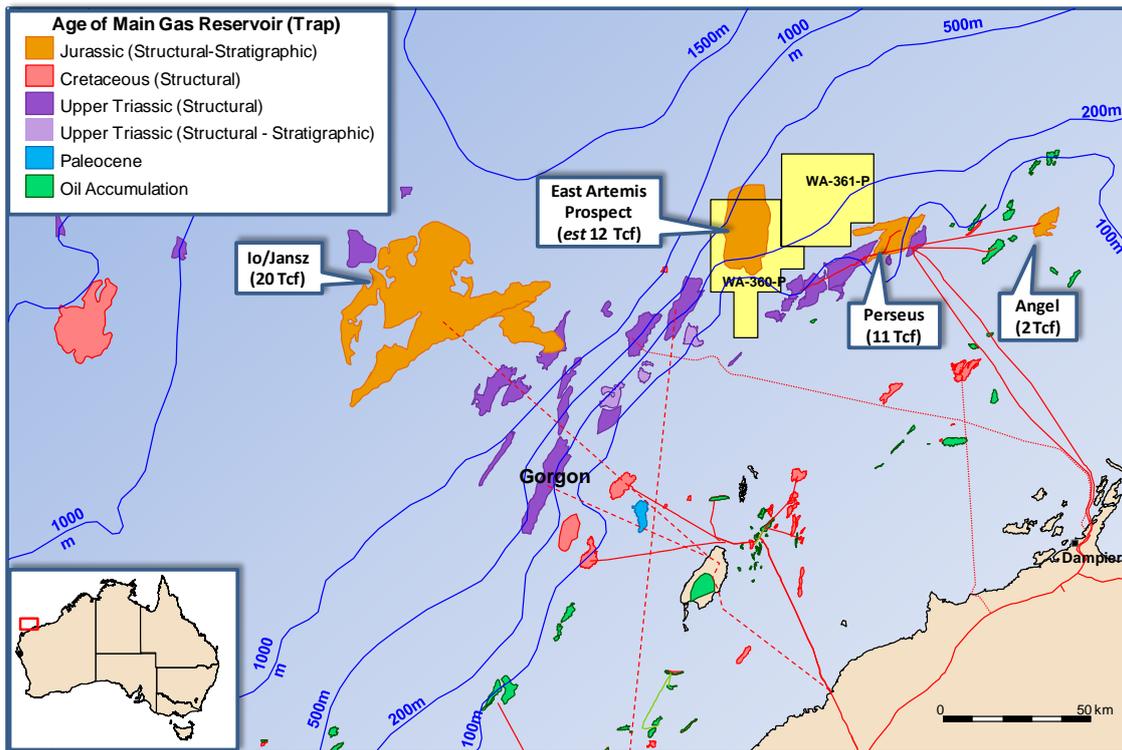
<b>Calypso and Legendre Formations</b>		<b>P90</b>	<b>P50</b>	<b>Mean</b>	<b>P10</b>
Potential Gas In Place	TCF	13.6	19.8	20.2	27.5
Potential recoverable gas	TCF	8.1	11.8	12.0	16.4
Potential recoverable condensate	mmbbls	90	139	144	206

*Source: P J Cameron, ResourceInvest Pty Ltd, 11 August 2009*

Discussions with drilling rig operators have advanced in recent weeks aimed at securing a rig to drill Artemis-1 in the second half of 2010. Two suitable rig options have been identified and MEO expects to be in a position to select a preferred contractor in the near future.

In November 2009, MEO raised \$27million, via a share placement from sophisticated and institutional investors which, together with existing cash reserves underpinned the contingent liability involved in

triggering the well option. Once the farm-in is completed, these funds will be re-deployed towards advancing existing projects and securing attractive growth opportunities.



#### NT/P68 (MEO 100%)

The permit is approaching expiry of the initial six year exploration term in February 2010. A renewal application was submitted to the Designated Authority in late 2009 seeking a five year renewal comprising a three year primary term and two year secondary term. MEO expects to receive advice on its renewal application in due course.

#### New Venture Opportunities

MEO last added to its acreage portfolio in October 2007. Since then, drilling has occurred in WA-361-P and NT/P68. The latter is currently being renewed for a further five years, while WA-360-P is expected to be drilled later this year. The company elected to drop WA-359-P at the end of 2009.

In anticipation of closing the farm-in, MEO has been actively screening a number of new business opportunities to expand and/or complement the current portfolio. These opportunities range from applying new but proven exploration concepts in old areas where they have not been applied, to lower risk appraisal opportunities that have early development potential and the ability to generate positive cash flow.

**Jürgen Hendrich**  
Managing Director & Chief Executive Officer

WA-360-P participants	Equity
North West Shelf Exploration Pty Ltd (MEO subsidiary, Operator)	70% <sup>1</sup>
Cue Energy Resources Limited (ASX: CUE)	15%
Rankin Trend Pty Ltd a wholly owned subsidiary of Moby Oil & Gas (ASX: MOG)	15%

<sup>1</sup> MEO has offered up to 50% equity in WA-360-P to its preferred farminee and expects to retain at least 20% post farm-out.