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ASX & Media Release

MEO launches farmout of Seruway PSC, Indonesia

Key Points:

- Up to 50% interest available in PSC with discovered resources
- Three distinct project areas with sizeable appraisal and exploration portfolio
- Gurame P50 recoverable, prospective resources of 0.5 Tcf gas and 57 MMstb of liquids
- Kuala Langsa P50 recoverable, prospective resources of 5.3 Tcf raw gas

MELBOURNE, AUSTRALIA (11th April, 2012)

MEO Australia Limited (ASX: **MEO**; OTC: **MEOAY**) is pleased to advise that its wholly owned subsidiary, Seruway Offshore Exploration Limited (SOEL) has a farmout process for up to a 50% participating interest in the Seruway PSC, offshore North Sumatra, Indonesia.

A farmout brochure (attached to this release) inviting key industry representatives to consider farming into the PSC has been launched to coincide with the SEAPEX Farmout Forum in Singapore on 13th April.

The Seruway PSC contains existing gas and oil discoveries as well as prospects and leads. Three independent project areas have been identified within the PSC:

- Gurame is a gas and oil discovery which SOEL is planning to drill in late 2012. SOEL's preliminary assessment estimates Gurame to contain P50 recoverable, prospective resources of 0.5 Tcf of low CO₂ gas and 57 MMstb of oil and condensate.
- Kuala Langsa is a substantial gas discovery. The discovery well – Kuala Langsa-1 – was drilled in the adjacent onshore PSC. SOEL interprets that the highly productive carbonate reservoir is structurally highest and stratigraphically the thickest in the Seruway PSC. SOEL estimates that Kuala Langsa contains 5.3Tcf of raw recoverable prospective gas resources at the P50 level. CO₂ content is estimated at 50-60%. The CO₂ will need to be geosequestered with the nearby depleted Arun gas field providing an ideal storage facility.
- The Ibu Horst hosts multiple wells that recovered oil and gas. In 2012 SOEL completed 3D seismic acquisition over the horst to identify appraisal and exploration targets. Seismic processing is in progress. Early indications are that data quality is excellent and a number of high quality appraisal opportunities together with a number of prospects and leads are evident.

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

"We are quite overwhelmed with the number of unsolicited expressions of interest we have received for the Seruway PSC since we acquired it in June last year.

Our technical team has progressed their assessment of the PSC to the point where we are able to commence the farmout process with a rigorously prepared data package and a thorough understanding of the opportunities in the PSC.

While MEO's business model is to farm out to cover drilling expenditure, the Seruway PSC offers a unique opportunity to evaluate a discovered resource (Gurame) with multiple existing wells. Under these exceptional circumstances, MEO is in the fortunate position of being able to consider retaining 100% interest through the drilling unless it receives a compelling farmin offer.

MEO Launches Seruway Farmout

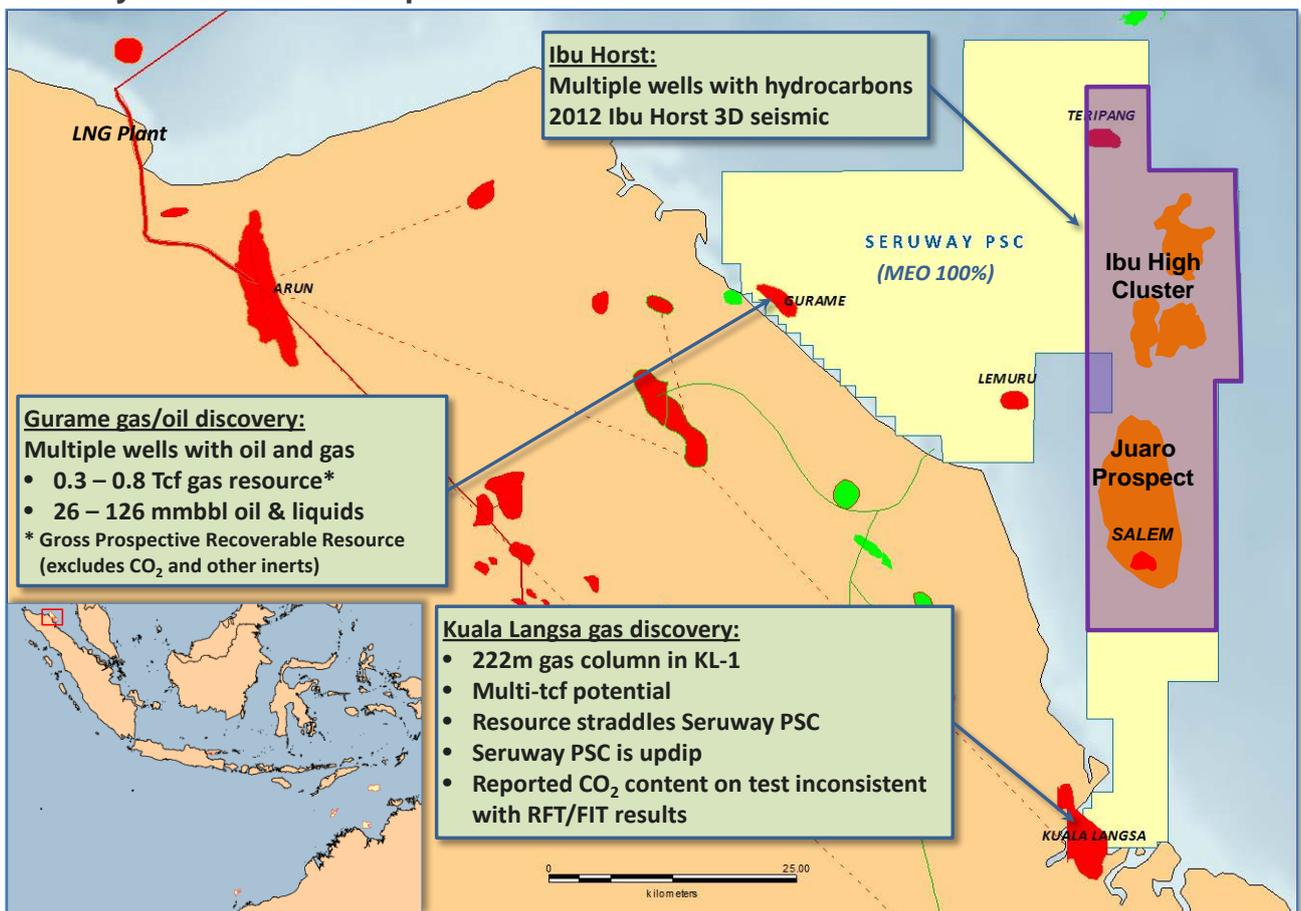


SOEL has identified a rig to drill the 2012 commitment well and is in advanced negotiations to secure a firm drilling slot. After careful consideration of potential drilling candidates, it was deemed prudent to target the Gurame discovery as it is in shallow water, has an existing 3D seismic survey and can be readily advanced towards development. The Ibu Horst 3D seismic survey is still in processing and many of the drilling candidates are in water depths exceeding the operational limit of the identified drilling rig. This survey will provide multiple candidates for the 2013 two well drilling commitment.”

Jürgen Hendrich
Managing Director & Chief Executive Officer

Attachment: Seruway PSC Farmout Brochure

Seruway PSC Location Map:





Indonesian Farmin Opportunity

(50% Participating Interest available)

One PSC with multiple high GCOS appraisal opportunities

Identified near term activity

Attractive Fiscal terms

Seruway PSC

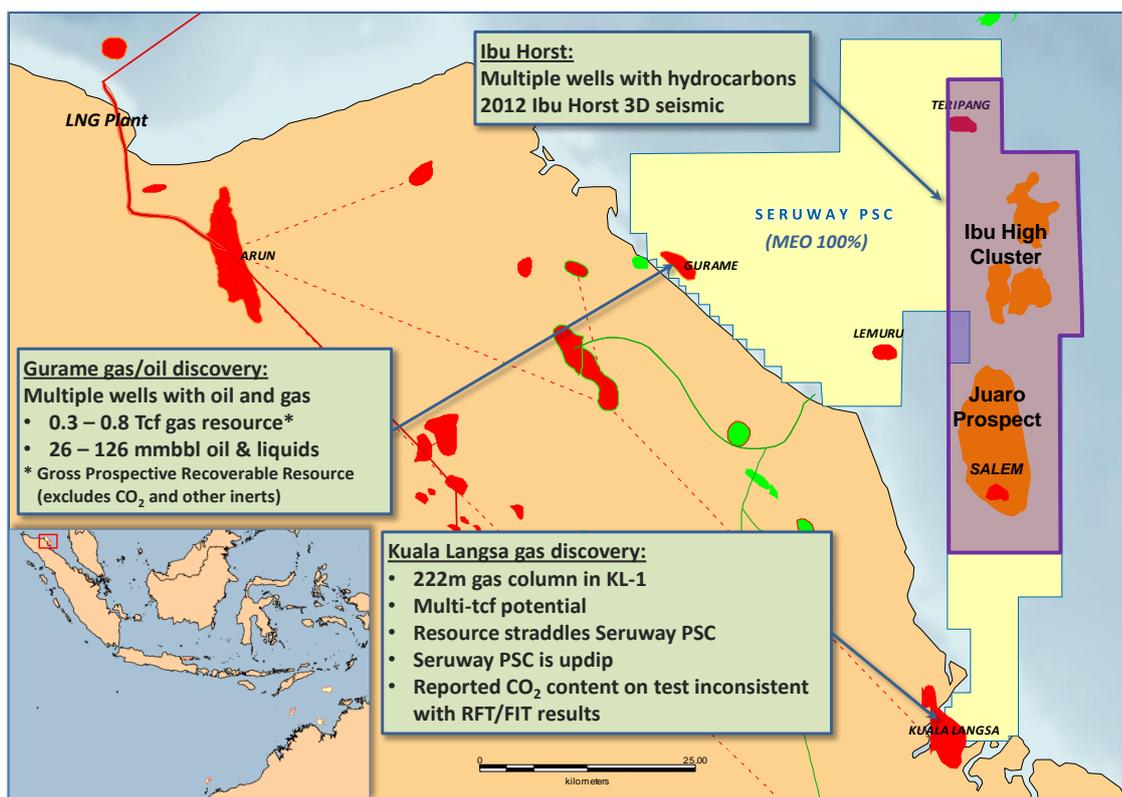
Seruway Offshore Exploration Limited (SOEL), a wholly owned subsidiary of MEO Australia Limited, is offering 50% equity in Seruway PSC. The PSC contains existing gas and oil discoveries as well as undrilled prospects. SOEL has identified 3 major project areas: Gurame, Kuala Langsa and the Ibu Horst.

An exploration well close to the Gurame gas and oil discovery is planned in late 2012 to test an estimated 57 MMstb liquids and 0.5 Tcf low CO₂ resource. At least 2 more wells, 1 at Kuala Langsa and 1 on Ibu Horst, are planned.

The PSC is in Year 8 and the proposed work program will exceed the PSC work obligations. The PSC enjoys more favourable fiscal terms than many Indonesian PSCs with an after tax contractor take for oil of 25% and for gas of 40%.

Work Program

Year	Work	Value	Comments
Seven (2011)	1 well	US\$10MM	Deferred to year eight
Eight (2012)	100km ² 3D, G&G Studies	US\$3MM	Seismic complete
Nine (2013)	2 wells	US\$20MM	
Ten (2014)	1 well, Development Plan	US\$10MM	



Gurame Appraisal

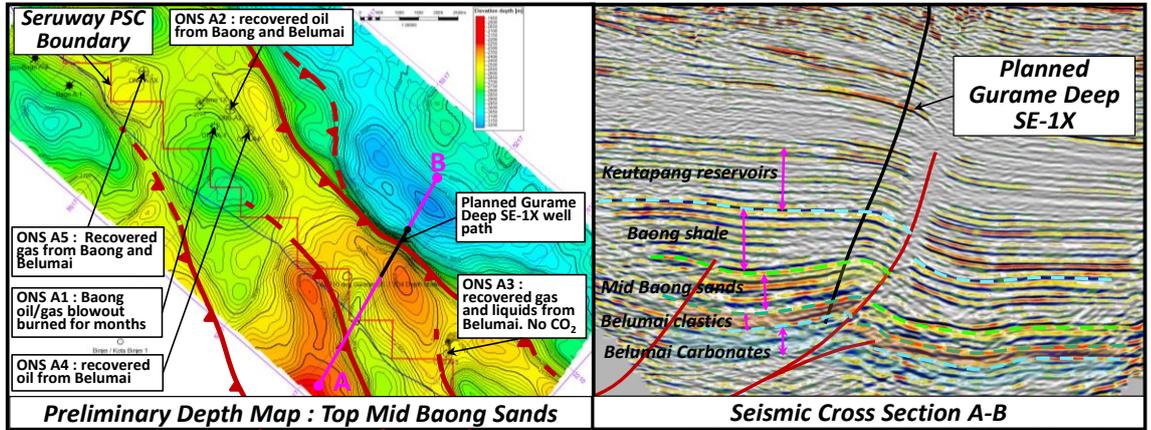
Gurame is a significant gas and oil discovery with 5 existing wells. Hydrocarbons have been encountered in Keutapang, Baong and Belumai reservoirs. 3D seismic exists over the discovery and interpretation has highlighted 3 major objectives that are targeted by the planned well.

Proven hydrocarbon system with gas and oil recovered

- The Keutapang, gas bearing in North Gurame, is an exploration target in South Gurame. Any accumulation would be stratigraphically trapped and contain a significant volume of gas.
- The next objective is Mid Baong sands in which oil has been recovered downdip of the planned well in the ONS-A1 and ONS-A2 wells to the north. The well is

expected to encounter more proximal sands and may encounter a gas cap at this updip target location. This intersection will prove either a significant gas accumulation or, if oil is encountered, a significant oil accumulation.

- The deepest objective is Belumai sands and carbonates from which oil has been recovered in ONS-A2 and ONS-A4 to the north. The target location is updip and will intersect thicker and better developed sands. A gas cap may be encountered. Again, depending on the hydrocarbon discovered, either a significant gas or oil accumulation will be proved.



Gurame Prospective Resource Assessment - MEO Preliminary Estimate

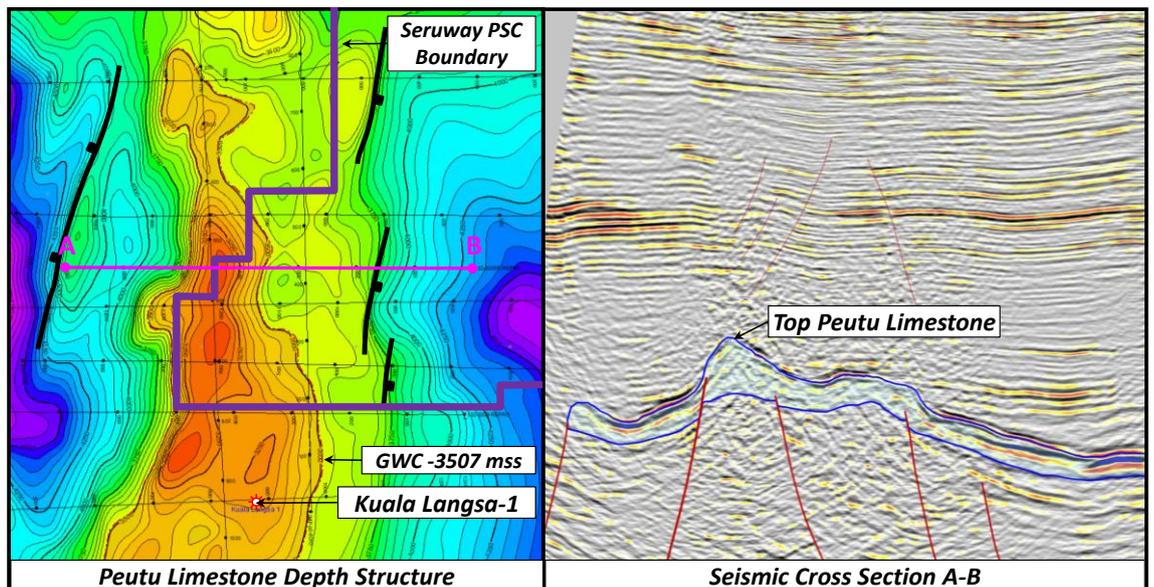
Substantial resource potential

Baong Reservoir		Unit	P90	P50	P10
Recoverable Hydrocarbon Gas	Bscf		168	321	583
Recoverable Oil and Condensate	MMstb		18	41	86
Belumai Reservoir		Unit	P90	P50	P10
Recoverable Hydrocarbon Gas	Bscf		105	176	280
Recoverable Oil and Condensate	MMstb		9	17	40

Kuala Langsa Appraisal

Kuala Langsa-1, drilled in 1992 in the adjacent onshore PSC demonstrated a major gas discovery. It has an estimated 5.3 TCF of recoverable raw gas (MEO P50 estimate). CO₂ content is high. A measurement from DST indicates 80%, while SOEL's analysis from RFT samples and pressure gradient indicates that the CO₂ content is 50-60%.

Substantial gas resource with proven high deliverability



Kuala Langsa-1 is drilled downdip of the SOEL acreage, in which the highest and thickest section of carbonate exists. Seismic data over the offshore portion is limited

due to very shallow water.

A transition zone survey may be considered prior to drilling a well near the crest of the carbonate reef. The well would be drilled to test deliverability of the reservoir (calculated open hole flow of 342MMCFD in Kuala Langsa-1) and to determine CO₂ content. Development of such a large resource will require CO₂ sequestration. The nearby and nearly depleted Arun gas field offers a suitable site.

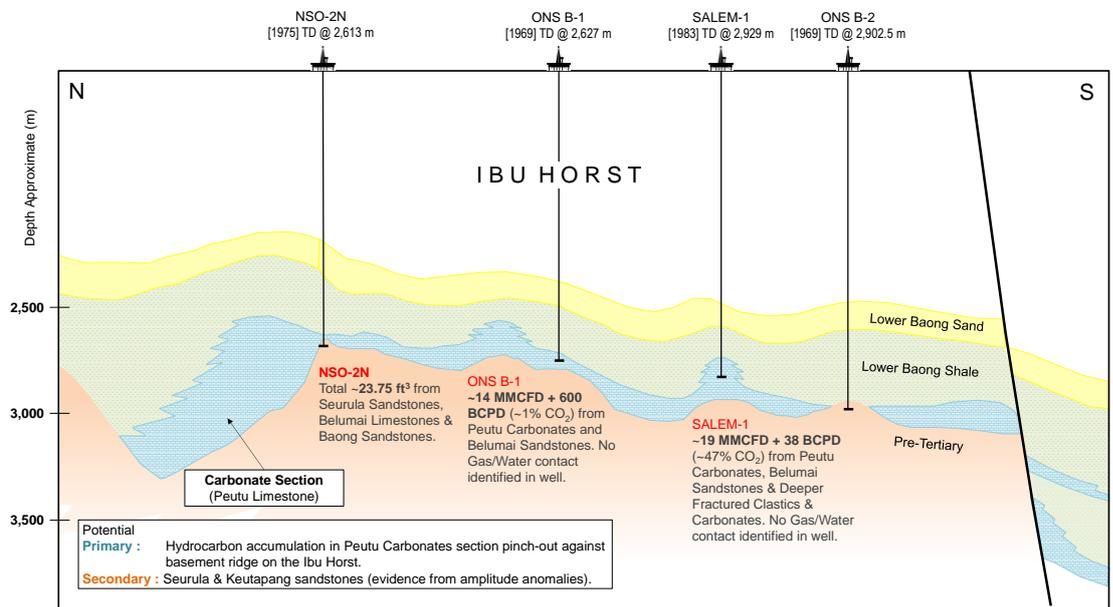
Ibu Horst Exploration/Appraisal

The Ibu Horst has multiple discovery wells that recovered oil and gas. In 2012 SOEL completed 3D seismic acquisition over the horst to identify both exploration and appraisal targets. Data quality is excellent. Interpretation of the fast track cube shows numerous prospects. Two prospects are structures that are updip of existing discoveries. JAPEX B-1 recovered 12.4MMCFD (1% CO₂) and 5 gallons oil from the Peutu Carbonates and Belumai Sandstones. The 3D indicates a significant structure updip. NSO-2N recovered gas from the Seurula Fm with the 3D showing a clear DHI updip with deeper potential being interpreted below. Other prospects in the 3D area include undrilled reefs, lowside fault plays and additional amplitude anomalies.

New, high quality 3D

Multiple prospects and plays updip of discovery wells

Secondary targets with amplitude anomalies within Seurula and Keutapang sandstones



Regional Setting

The Seruway PSC lies close to existing oil and gas infrastructure. ExxonMobil's Arun LNG export plant is currently operating at less than 50% of its 4MTPA capacity due to gas supply shortages. It has been reported that ExxonMobil intends to divest the plant and field infrastructure and several alternatives have been suggested for its future. Local gas demand may be sufficient to justify its conversion to an LNG import terminal in which case it would be expected that local gas prices will trend towards import parity. Alternatively, if plant operation is maintained then it will represent a potential market for gas produced in the region.

Established infrastructure with market opportunities for gas and oil

ExxonMobil, who previously operated the PSC covering the Kuala Langsa discovery, had proposed connecting Kuala Langsa to the LNG plant and re-injecting surplus CO₂ into the depleted Arun field.

Contacts

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