



MEO Australia Limited
ABN 43 066 447 952

Level 17
500 Collins Street
Melbourne VIC 3000
Australia

Tel: +61 3 8625 6000
Fax: +61 3 9614 0660
Email: admin@meoaustralia.com.au
Website: www.meoaustralia.com.au

ASX Release

MEO executes NT/P68 farm-in agreement with Eni Australia Ltd

Key Points:

- **Executes binding agreements for Eni to earn 50% in Heron gas discovery by funding two wells**
- **Eni has option to exit after first well**
- **Option granted over Blackwood discovery to earn 50% interest by funding minimum 500 km² 3D seismic and one well in the Blackwood area**
- **Option granted to Eni to acquire additional 25% interest in permit in consideration for full carry of MEO to Final Investment Decision (FID) in Heron and/or Blackwood**
- **Payment of US\$75m cash to MEO upon achievement of FID for either Heron or Blackwood**

MELBOURNE, AUSTRALIA (18th May, 2011)

MEO Australia Limited (ASX: **MEO**; OTC: **MEOAY**) is pleased to announce that it has completed the NT/P68 farm-out process. Binding agreements have now been executed with Eni Australia Ltd (Eni). The agreements are subject only to Australian regulatory approvals.

The agreement involves Eni earning 50% in the Heron gas discovery by funding MEO's costs for the drilling of two wells in the Heron Area. Eni will be the Operator of the permit. Eni has sixty days after the first well has been drilled to elect to either drill a second Heron well or withdraw from the agreement.

Eni also has an option, exercisable within 60 days after the first Heron well has been drilled, to elect to earn 50% in the Blackwood gas discovery by carrying MEO's costs of acquiring a minimum of 500km² of 3D seismic and drilling one well in the Blackwood area.

Eni has a further option to acquire an additional 25% interest in both discoveries by funding MEO's share of the work programme required to reach a Final Investment Decision (FID) in either Heron and/or Blackwood, upon achievement of which Eni will make a one off bonus payment of US\$75 million to MEO.

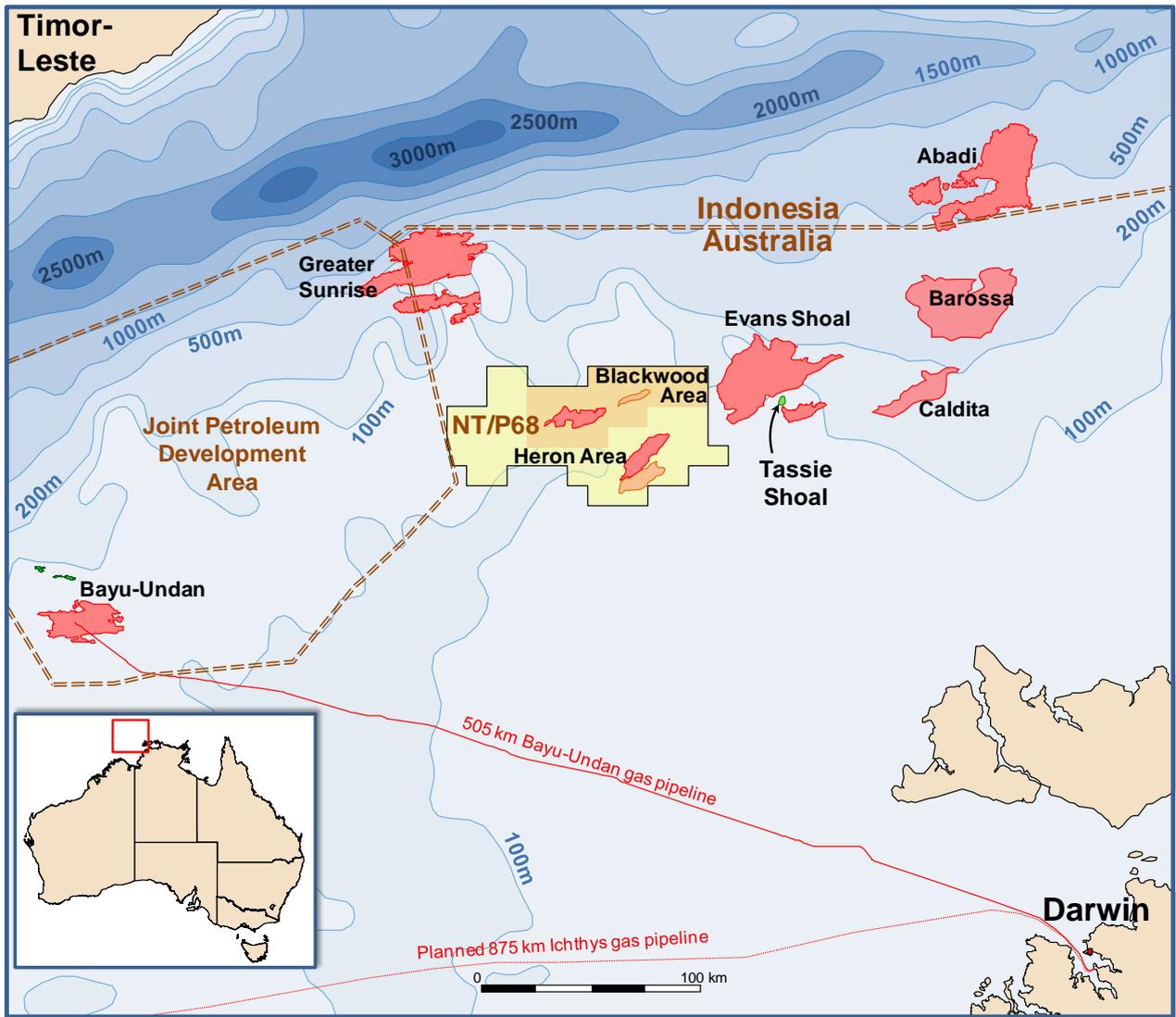
This agreement is in line with MEO's strategy to partner with leading companies to unlock value in its portfolio. Following successful appraisal of the Heron and/or Blackwood gas discoveries the Joint Venture will evaluate all potential commercialisation paths for the resources.

In a success case, MEO will receive a full financial carry for all exploration and appraisal drilling and all costs associated with bringing the Heron and/or Blackwood gas discoveries to a Final Investment Decision (FID) and receive a one-off cash payment of US\$75 million in return for 75% equity in NT/P68.

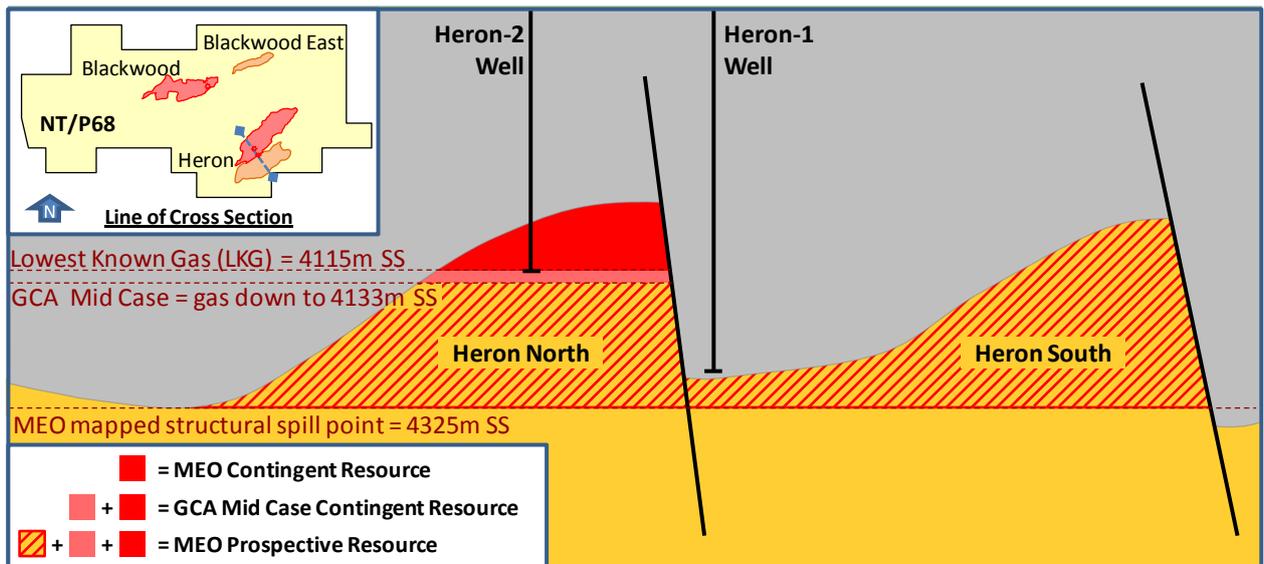
Jürgen Hendrich
Managing Director & Chief Executive Officer

Attachments: - Location Map, Heron Cross Section, Heron Resource Estimate and Permit Cross Section,
- Eni Press Release

NT/P68 Location Map:



Simplified Heron Structural Cross Section:

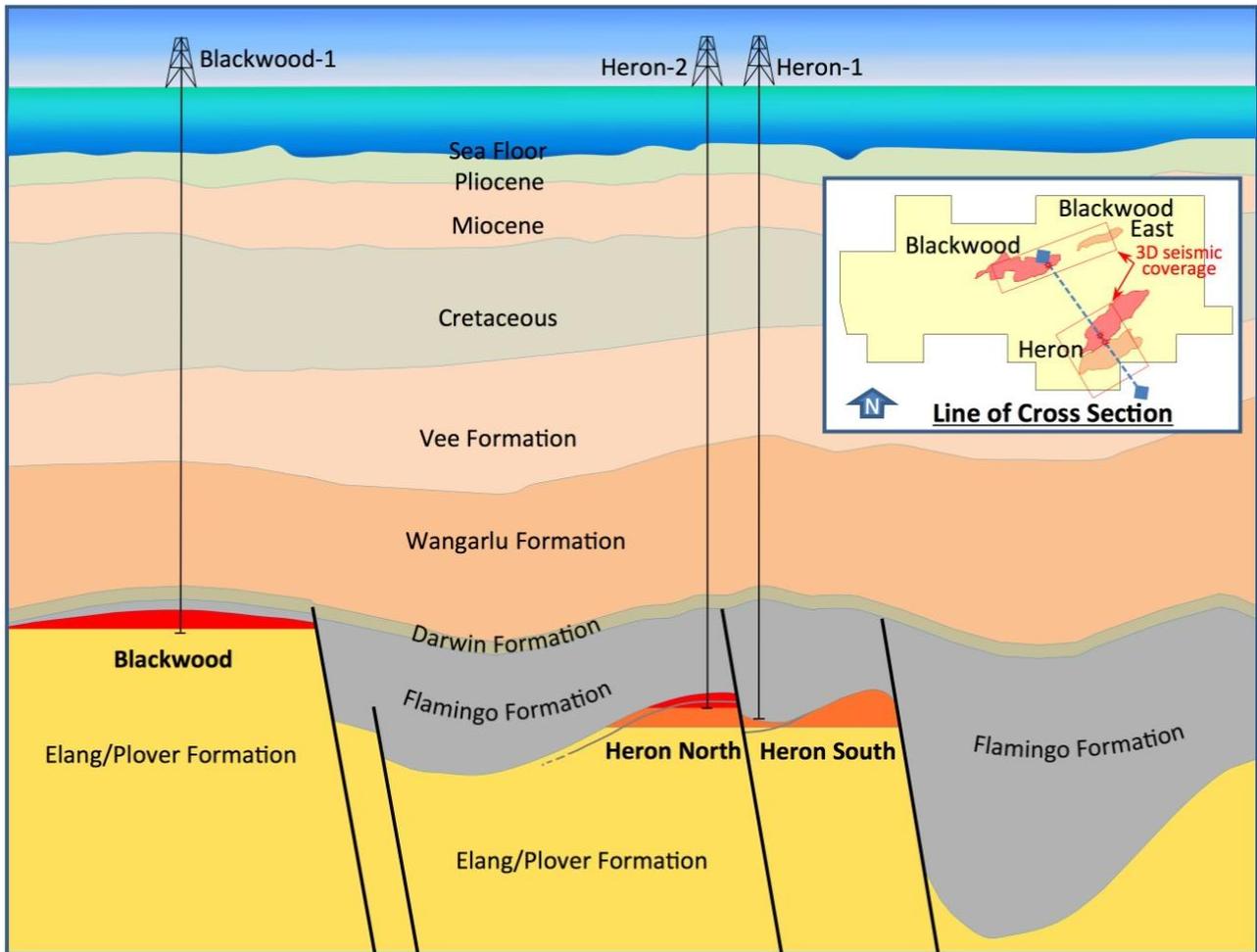


Greater Heron Structure (Prospective Resource):

Raw Gas Ultimate Recovery (Tcf)	1C/ Low	2C/Best Estimate	3C/ High
MEO Contingent Resource Assessment*	0.21	0.29	0.39
GCA Contingent Resource Assessment*	0.19	0.39	0.80
MEO Prospective Resource Assessment*	3.66	4.96	6.64

* The Gaffney Cline & Associates (GCA) and MEO volumes reported in this table have NOT been reduced for non-hydrocarbon gas (CO₂, N₂) content. MEO has limited the non-hydrocarbon gas (CO₂, N₂) content to that observed in the primary reservoir at Evans Shoal-2. (See MEO ASX Release 14 October 2010 for more information)

NT/P68 Permit Simplified Cross Section:





Eni signs agreement on Heron and Blackwood gas discoveries in Northern Australia

The agreement involves Eni earning 50% in the Heron gas discovery by funding the drilling of two wells in the Heron Area. Eni may withdraw from the agreement after the first well has been drilled.

San Donato Milanese (Mi), 17 May 2011 – Eni has signed an agreement with MEO Australia Limited to farm-in to the Heron and Blackwood gas discoveries in the permit NT/P68 in the Timor Sea, northern Australia.

The agreement involves Eni earning 50% in the Heron gas discovery by funding the drilling of two wells in the Heron Area. Eni may withdraw from the agreement after the first well has been drilled.

Eni has a further option to earn 50% in the Blackwood gas discovery by acquiring a minimum of 500 square km of 3D seismic and drilling one well in the Blackwood area.

Eni has a further option to acquire an additional 25% interest in the discoveries by funding the work programme required to reach a Final Investment Decision (FID) in either Heron or Blackwood or both. Once completed Eni would make a one off bonus payment to MEO.

Eni Australia Limited will be the Operator of the permit NT/P68 with a 50% share with its partner MEO Australia Limited.

This agreement represents a significant opportunity in line with Eni's strategy to increase its business presence in Australia, an OECD country, and the south-east Asian region generally, through organic and acquisitive growth of quick to market hydrocarbon discoveries.

Eni entered Australia in 2000 and is the Operator of the Woollybutt oil field (65% interest), the Blacktip Project (100% interest) and the Kitan Development Project (40% interest) and is a partner in the Bayu Undan gas and condensate field and Darwin LNG (10.99% interest). Eni has interests in 13 exploration permits and production licenses in Australia, Timor-Leste and the Joint Petroleum Development Area (JPDA), 10 of which it operates and covering a total area of about 50,000 square km.

Company Contacts:

Press Office: Tel. +39.0252031875 – +39.0659822030
Freephone for shareholders (from Italy): 800940924
Freephone for shareholders (from abroad): +39. 800 11 22 34 56
Switchboard: +39-0659821

ufficio.stampa@eni.com
segreteria.societaria.azionisti@eni.com
investor.relations@eni.com

Web site: www.eni.com