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Quarterly activities summary for Period ended 30th September 2012

Highlights:

- Spudded Heron South-1 in NT/P68
- Executed rig contract to drill Gurame SE-1X using Hercules #208 jackup
- Spudded Gurame SE-1X in Seruway PSC
- Processed 3D seismic surveys delivered for WA-454-P, WA-361-P & Seruway PSC
- Processing of 3D seismic surveys continued in other permits
- Share Purchase Plan launched 25th September, closing 12th October

MELBOURNE, AUSTRALIA (10th October, 2012)

MEO Australia Limited (ASX: **MEO**; OTCQX: **MEOAY**) provides the following summary in relation to its activities during the quarter ended 30th September 2012.

Executive Summary

During the quarter, two wells commenced drilling – Heron South-1 in NT/P68 (MEO 50%) and Gurame SE-1X in the Seruway PSC (MEO 100%).

Eni, as Operator of NT/P68 (MEO 50%), took possession of the Ensco #109 jack-up drilling rig in mid-August and spudded Heron South-1 on 24th August. Eni is funding 100% of the well costs as part of its obligations to earn a 50% interest under the terms of a farm-in agreement executed in May 2011. At the time of writing, the well had reached its primary objective and a drill core was being recovered to provide a physical sample of the reservoir for laboratory analysis and to allow calibration of the formation evaluation tools used to indirectly measure reservoir properties.

Wholly owned MEO subsidiary, Seruway Offshore Exploration Limited (SOEL) executed a rig assignment agreement during the quarter to utilize the Hercules #208 jack-up drilling rig. Notwithstanding a significant farm-out effort, no acceptable offers were received, leaving SOEL with 100% interest in the PSC and the Gurame SE-1X well. The rig was handed over to SOEL on 19th September and Gurame SE-1X was spudded on 23rd September. At the time of writing, the well was close to reaching the 9 ⁵/₈" casing point, immediately above the first objective.

In the Gulf of Thailand, Operator Pearl Oil (a wholly owned subsidiary of Mubadala Petroleum) mapped some 23 prospects and leads with an unrisksed mean recoverable prospective resource potential of over 100 MMstb. From these prospects, the Sainampueng-1X location was selected to satisfy the permit Year 6 obligation well to be drilled in 4Q 2012. Pearl Oil also advised it had received instruction from the regulator that the permit Year 5 obligation well remained outstanding and was required to be drilled before permit expiry in January 2013. The costs associated with the Permit Year 5 well will be borne solely by Pearl Oil.

During the quarter, MEO received the final processed data volumes for 3D seismic surveys acquired in WA-361-P, WA-454-P and over the Ibu Horst in the Seruway PSC. These datasets will be interpreted ahead of offering industry participants an opportunity to joint venture with the Company to jointly explore for hydrocarbons. MEO is on track to launch the WA-454-P farm-out process on 1st November.

Cash balance at end of quarter

The consolidated cash balance at 30th September was A\$48.5 million including a USD balance of \$17.4 million. A share purchase plan (SPP) was launched on 25th September to raise additional funds for working capital. The SPP closes at 17:00 AEDST on Friday 12th October.

Priorities for the current quarter ending 31st December 2012

- Complete drilling and evaluation of Heron South-1 (non-operated)
- Complete drilling and evaluation of Gurame SE-1X
- Launch farm-out of WA-454-P (MEO 100%)
- Generate prospects and leads inventory for Ibu Horst in Seruway PSC (MEO 100%)
- Continue to screen New Venture opportunities for attractive growth options



Jürgen Hendrich
Managing Director & Chief Executive Officer

Attachments: Activity Summaries by Project Area

Ashmore Cartier Region, Timor Sea: Vulcan Sub-Basin

AC/P50, AC/P51, AC/P53 (MEO 100%)



AC/P50 & AC/P51

Processing of the 507 km² Zeppelin 3D seismic survey over AC/P50 and AC/P51 continued during the quarter. A “fast-track” data set was delivered in June and preliminary evaluation has indicated the presence of several promising 3-way dip closed structural leads. The final processed dataset is expected to be delivered in November.

AC/P53

Processing of the Zeppelin 2D long offset seismic survey will commence once the Zeppelin 3D seismic survey is completed.

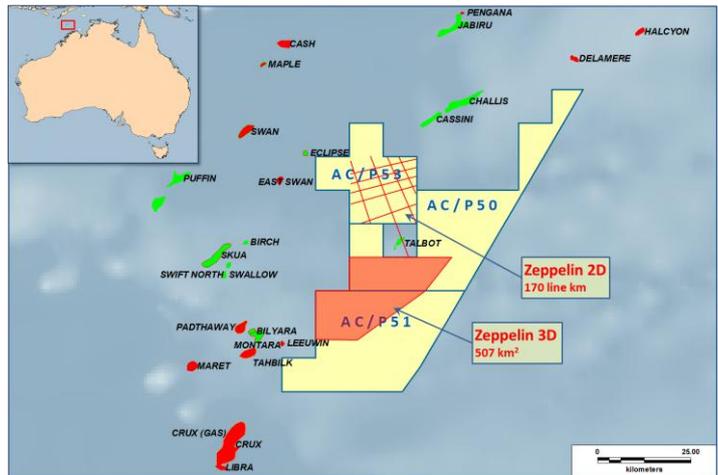


Figure 3. Location Map Zeppelin 2D & 3D Seismic Surveys

Work Activity Schedule:

Permit	AC/P50	2012				2013			
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr
		J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D
Operator	MEO								
Work program undertakings		200km ² 3D Studies				1 discretionary well			
Activities									
Zeppelin 3D		3D							
Zeppelin 3D - process		Preliminary							
Zeppelin 3D - final cube				Interpret					
Zeppelin 3D - interpret									
Prospect/drill ready									
Farm-out discussions						Farmout			
Discretionary well (2013/14)								Optional well	
Permit	AC/P51	2012				2013			
MEO PI	100%	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr
Operator	MEO	J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D
Work program undertakings		Studies				1,000 km 2D			
Activities									
Zeppelin 3D		3D							
Work program variation		WPV							
Zeppelin 3D - process		Preliminary							
Zeppelin 3D - final cube				Interpret					
Zeppelin 3D - interpret									
Prospect/drill ready									
Farm-out discussions						Farmout			
Discretionary well (2014/15)								Optional well	
Permit	AC/P53	2012				2013			
MEO PI	100%	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr
Operator	MEO	J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D
Work program undertakings		825 km ² 3D repro		150 km long offset 2D		Studies			
Activities									
Historical									
Zeppelin 2D		2D							
Work program variation									
Reprocess existing 3D				Reprocess 3D					
Zeppelin 2D - process				Process					
Zeppelin 2D - interpret						Interpret			
Lead inventory									
Farm-out discussions						Farmout			

North West Shelf: Offshore Carnarvon Basin

WA-360-P, WA-361-P (MEO Operator)



WA-361-P (MEO 50% & Operator, Mineralogy 35%, Cue Energy 15%)
 MEO licensed 363 km² of the Zeus multi-client survey to fulfil the Permit Year 2 (Jan 2012 – Jan 2013) work program obligation. The final processed data set was delivered during the quarter. Interpretation continues.

WA-360-P (MEO 62.5% & Operator, Cue Energy 37.5%)

Following confirmation of the validity of the Maxwell prospect using the Foxhound 3D seismic data, the JV purchased additional 3D data “off permit” to infill the data gap between WA-360-P and the Wheatstone gas field. Interpretation of the new 3D continues to firm up the Maxwell prospect. Ananke-1 drilled in the adjacent permit did not intersect hydrocarbons and MEO is assessing Maxwell in light of this outcome.

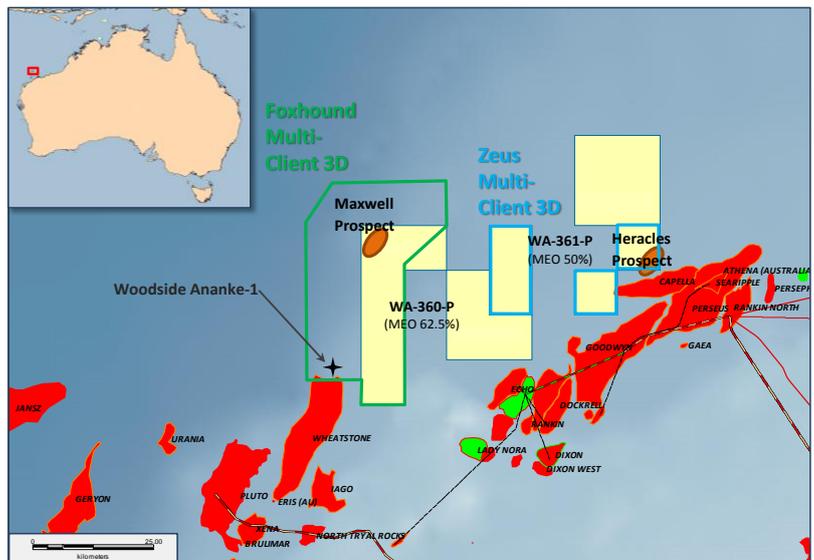


Figure 4. Location Map - Carnarvon Basin Permits showing the WA-360-P relinquishment, Zeus and Foxhound 3D Multiclient Surveys and prospects.

Work Activity Schedule: WA-360-P & WA-361-P

Permit	WA-360-P	2012				2013			
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr
		J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D
MEO PI	62.5%								
Operator	MEO								
Work program undertakings		Licence 363 km ² Foxhound 3D				648 km ² 3D reprocessing			
Activities		Renew 3D				Repro Interp <>			
Studies		Interpret 3D				Farm-out			
Permit renewal									
Licence Foxhound 3D (on permit)									
Licence Foxhound 3D (off permit)									
Foxhound 3D									
Seismic reprocessing									
Prospect									
Potential farm-out discussions									
Permit	WA-361-P	2012				2013			
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr
		J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D
MEO PI	50%								
Operator	MEO								
Work program undertakings		150 km ² new 3D, studies				3D interpretation, studies			
Activities		Process 3D				Interpret <>			
Zeus 3D (323 km ²)									
Prospect									
Potential farm-out discussions									

North Sumatra, Indonesia

Seruway PSC (MEO 100%)

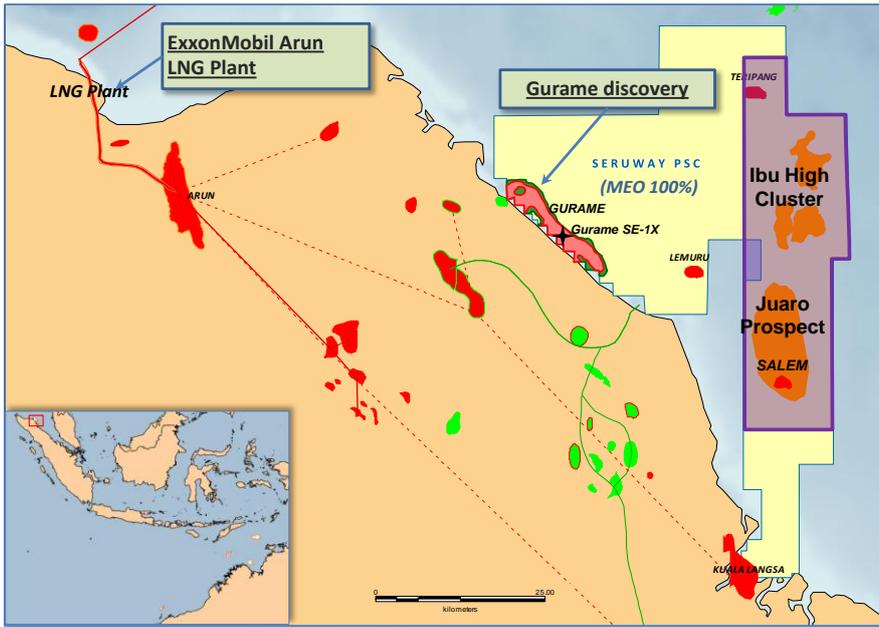


Figure 5. Location map – Seruway PSC (MEO 100%)

The Seruway PSC was acquired in mid-2011 and is strategically situated in close proximity to a strong domestic gas market and existing LNG infrastructure with spare capacity.

The Gurame gas and oil discovery and Kuala Langsa high CO₂ gas discovery together with a number of discoveries along the Ibu Horst offer significant potential for commercial development.

The final 3D seismic data set was delivered during quarter and the preparation of a comprehensive prospects and leads inventory is underway.

As part of MEO's farmout initiative, a data room was open during May and June. Notwithstanding the solid interest, industry participants favoured the prospectivity of the Ibu Horst in preference to the existing discovered resource at Gurame. The Ibu Horst prospects will be ready for drilling in 2013. A farmout will be re-launched early in 2013 to fund this drilling. Consequently, MEO will retain 100% interest in the PSC and will fund the drilling of Gurame SE-1X which is targeting a commercial gas flow rate to advance the resource towards development. During the quarter, a rig assignment agreement was executed to use the Hercules #208 jackup drilling rig. The rig was handed over on 18th September and drilling commenced on 23rd September.

Work Activity Schedule: Seruway PSC

Permit MEO PI Operator	Seruway PSC 100%* SOEL*	2012				2013			
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr
		J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D
Work program undertakings		1 well				2 wells			
Activities									
Gurame oil & gas discovery									
Identify drilling location		Locate							
Negotiate rig option		Rig option							
Resource assessment		Volumes							
Secure rig				farmout					
Farm-out discussions				SSE-1X					
2012 well, potential 2013 well						? Well ?			
Plan of development		P.O.D pending Gurame SE-1X results							
Kuala Langsa gas discovery									
Resource assessment		Volumes							
Negotiate rig option									
Farm-in discussions									
Potential 2013 well				? Well ?					
Ibu Horst discoveries									
Ibu Horst 3D (process)		Process							
Fast track cube		<>							
Consider drilling location		Locate							
3D Interpretation		Fast track		Final cube					
Resource assessment				Volumes					
Negotiate rig option						Rig option			
Farm-out discussions						farmout			
Potential 2013 well(s)						1-2 wells ??			

* via Seruway Offshore Exploration Limited (SOEL); 100% owned by MEO International Pty Ltd a wholly owned MEO subsidiary

Gulf of Thailand

G2/48 PSC (MEO 50%, Pearl Oil 50% and operator)



MEO acquired its 50% interest in the Gulf of Thailand G2/48 concession early in 2012 by farming in. Consideration included reimbursing 50% of the costs of the Rayong 3D seismic survey acquired in late 2011 and paying 66 2/3% of the first US\$5 million of the Year 6 obligation well. Costs above the US\$5 million cap will be shared on a participating interest basis.

During the quarter, Operator Pearl Oil Offshore Limited "Pearl" advised it had mapped 23 targets with a combined mean unrisks prospective resource potential of over 100 MMstb oil.

Sainampueng-1X is expected to test one of these targets in November.

Immediately ahead of this well being drilled, the outstanding Permit Year 5 commitment well will be drilled with Pearl absorbing 100% of the costs associated with this well.

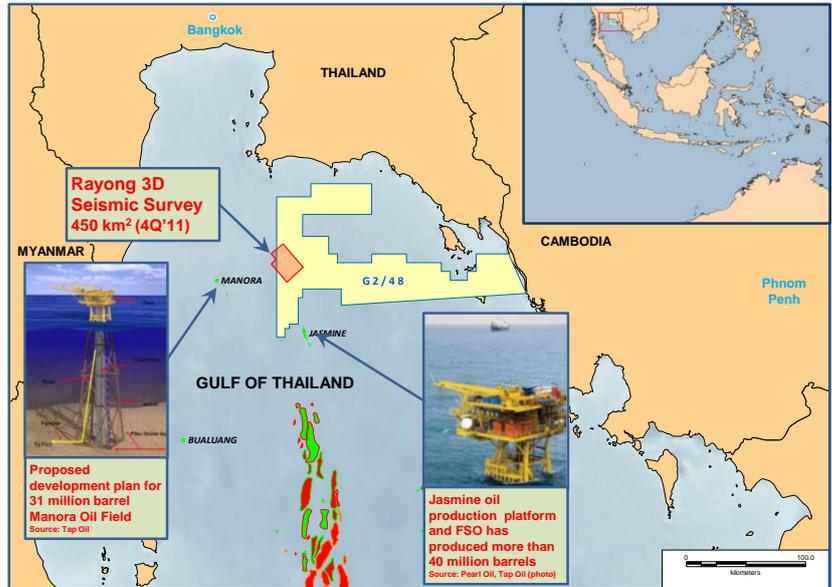


Figure 6. Location Map Gulf of Thailand G2/48 PSC

Work Activity Schedule: G2/48 PSC

Permit MEO PI Operator	G2/48 Concession 50%* Pearl Oil	2012				2013					
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr		
		J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D		
Work program undertakings		1 Well				Permit renewal*					
Activities		Farm-in		Process		3D		Plan		Y5 Y6	
Farm-in discussions		Farm-in		Process		3D		Plan		Y5 Y6	
3D seismic		Process		3D		Plan		Y5 Y6			
Negotiate rig contract		Process		3D		Plan		Y5 Y6			
JOA, Reg Approvals etc		Process		3D		Plan		Y5 Y6			
3D seismic interpretation		Process		3D		Plan		Y5 Y6			
Well planning		Process		3D		Plan		Y5 Y6			
Select preferred location		Process		3D		Plan		Y5 Y6			
Drill Yr 5 & Yr 6 commitment well		Process		3D		Plan		Y5 Y6			
Permit renewal application		Process		3D		Plan		Y5 Y6			

* Subject to regulatory approval

East Java, Indonesia

South Madura PSC (MEO* 90%, Operator⁺)

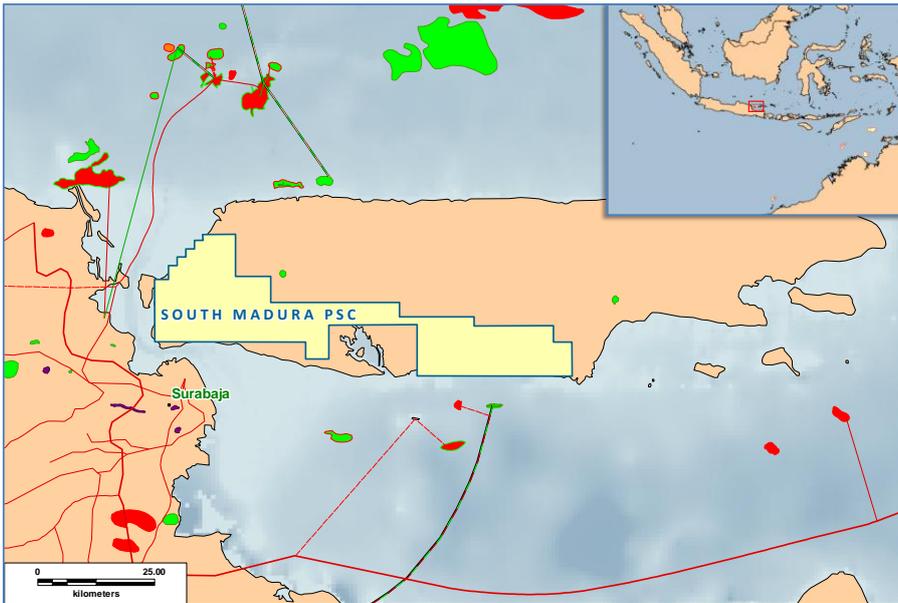


Figure 7. Location Map South Madura Island PSC (MEO 90%)

During the quarter, MEO submitted an amended work program and budget to the regulator. Concurrently, an application was lodged with the regulator seeking compensation for lost time in the PSC.

Further investment in the PSC is predicated upon securing tenure beyond the current expiry of the permit in October 2013.

Work Activity Schedule: South Madura PSC

Permit MEO PI Operator	Sth Madura PSC 90%* SMEC	2012				2013							
		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr					
		J	F	M	A	M	J	J	A	S	O	N	D
Work program undertakings+		under review+						under review+					
Permit expiry													
Activities													
Historical													
AED assumes Operator													
AED in administration													
Purchase AED interest													
Regulatory approvals		[Green bar spanning Mar Qtr 2012]											
Outlook													
Assume Operatorship+													
OCM to consider WPV+													
Work program variation+		[Green bar spanning Jun Qtr 2012]											
		[Green bar spanning Jul Qtr 2012]											
		[Green bar spanning Aug Qtr 2012]											
		[Green bar labeled 'WPV' spanning Sep Qtr 2012]											
		[White bar labeled 'Pending +' spanning Mar Qtr 2013]											

* via South Madura Exploration Company (SMEC); 100% owned by MEO International Pty Ltd a wholly owned MEO subsidiary

Tassie Shoal Gas Processing Projects

(MEO 100%)

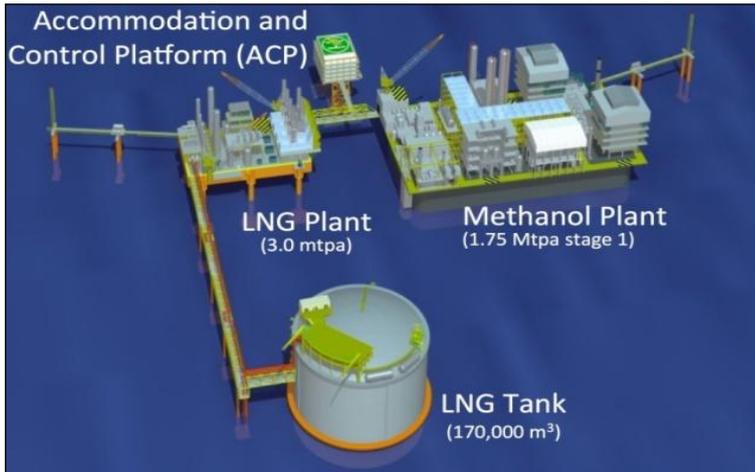


Figure 8. CAD schematic of Tassie Shoal Projects showing proposed LNG Plant, LNG Storage Tank and Phase 1 Methanol Plant.

During the quarter, MEO continued to mature the commercial framework for the Tassie Shoal Projects by exploring the potential synergies between the pre-sale of methanol and participation in the midstream and upstream components of the projects.

New Ventures



MEO continued to screen opportunities to supplement the portfolio with attractive growth options.