



MEO Australia Limited

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Quarterly activities summary for Period ended 31st December 2010

Key Points

- Approximately US\$39 million cash consideration received from Petrobras
- US\$5.5 million paid to settle acquisition of additional 5% equity in WA-360-P
- US\$1 million paid to settle acquisition of additional 15% equity in WA-361-P
- Completed A\$32.6 million capital raising ahead of Artemis-1 results
- Artemis-1 drilled to 3,500m MDRT - no hydrocarbons encountered in target reservoirs
- Submitted renewal application for WA-361-P
- Opened data room for NT/P68 (Heron) farmout
- Acquired 100% interest in AC/P50 & AC/P51 from Silver Wave Energy
- Consolidated cash balance at 31st December A\$100.3 million

MELBOURNE, AUSTRALIA (11th January, 2011)

MEO Australia Limited (ASX: MEO; OTC: MEOAY) provides the following summary in relation to its activities for the quarter ended 31st December 2010.

WA-360-P (MEO 25% & Operator, Petrobras 50%, Cue Energy 15%, Moby Oil & Gas 10%)

MEO received approximately US\$39 million cash consideration comprising US\$31.5 million cash bonus and approximately US\$7.5 million of seismic related back costs from Petrobras in mid October.

Subsequent to the receipt of the cash consideration, MEO paid Moby Oil & Gas the US\$5.5 million balance in relation to the acquisition of an additional 5% participating interest in WA-360-P as announced on 10th June.

The Songa Venus semi-submersible drilling rig was handed over from Shell on Sunday 14th November and reached the Artemis-1 location on 23rd November. The well was spudded on 25th November and reached a total depth of 3,500m MDRT. No hydrocarbons were encountered in the primary reservoir objective and the well was plugged and abandoned. The rig was released on 26th December 2010.

WA-360-P will expire on 31st January 2012. Prior to this date, the Joint Venture will determine whether to relinquish the permit entirely, or renew the permit for a further five (5) year term following a mandatory relinquishment of 50% of the permit area. The work program for the final permit year commencing 1st February 2011, involves the integration of the results of Artemis-1 and determining the remaining prospectivity of the permit ahead of the relinquishment/renewal decision.

WA-361-P (MEO 50% & Operator, Mineralogy 35%, Cue Energy 15%)

During the quarter, MEO received regulatory approval for the acquisition and transfer of Gascorp Australia Limited's 15% participating interest in the permit. The consideration of US\$1 million was paid during the quarter, subsequent to receipt of these approvals.

MEO submitted a permit renewal application for a further five year term commencing 31st January 2011. This involved the mandatory relinquishment of seven (7) of the fifteen (15) graticular blocks comprising the original WA-361-P permit, leaving eight (8) graticular blocks in the renewal application.

The renewal was approved by the Designated Authority subsequent to the end of the reporting period.

NT/P68 (MEO 100%)

MEO opened its NT/P68 data room for prospective farminees to undertake a technical evaluation of the Heron gas discovery with a view to co-funding appraisal drilling. During the quarter, several parties reviewed the opportunity and advised they would be submitting farm-in offers during the first quarter of 2011.

AC/P50 & AC/P51 (MEO 100%)

During the quarter, MEO signed a binding sales and purchase agreement to acquire a 100% interest in exploration permits AC/P50 & AC/P51 from Silver Wave Energy Pte Ltd for US\$270,000. The transaction was settled in late December following receipt of regulatory approvals.

Silver Wave Energy was granted an option to re-acquire a 10% participating interest in either or both permits until the end of Permit Year 3 by reimbursing 20% of costs incurred by MEO to that point including the purchase price.

Separately, MEO granted RedRock Energy Pte Ltd an option to acquire a 5% carried interest in either or both permits in consideration for the technical work conducted by RedRock since the acquisition of the permits by Silver Wave. The option is valid until either or both permits are relinquished by MEO. In the event MEO elects to drill a well in either or both permits, MEO will carry RedRock's 5% interest through the first well in that permit.

Approved Gas Processing Projects (MEO 50-100%)

MEO continued its efforts to secure feed-gas for its approved gas processing projects from regional custodians of stranded gas discoveries.

New venture opportunities

Mr. Errol Johnstone commenced employment with MEO in the capacity of Chief Geoscientist on 4th October. Errol will spearhead the technical evaluation of New Venture opportunities. Several opportunities were screened during the quarter.

Cash balance at end of quarter

During the quarter, MEO raised A\$32.6 million via a targeted placement to International Institutional investors and sophisticated investors at A\$0.52/share ahead of the Artemis-1 results.

At 31st December 2010, the consolidated cash balance was A\$100.3 million.

Priorities for the quarter ending 31st March 2011

- Negotiate the terms for farm-in to NT/P68 (Heron)
- Explore alternatives for monetizing approved Tassie Shoal gas projects
- Progress New Venture opportunities



Jürgen Hendrich
Managing Director & Chief Executive Officer