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Quarterly activities summary for Period ended 31st December 2012

Highlights:

- Intersected gas in two of four wells, conducted 3 production tests without success
- Updated technology, capital and operating cost estimates for Tassie Shoal Projects
- Commenced farmout/partial sale process for WA-454-P (MEO 100%)
- Extended Eni's Blackwood well election deadline to 4th February 2013 (NT/P68, MEO 50%)
- Raised \$19.3m via Share Purchase Plan (\$9.3m) and Private Placement (\$10.0m)

MELBOURNE, AUSTRALIA (31st January, 2013)

MEO Australia Limited (ASX: **MEO**; OTCQX: **MEOAY**) provides the following summary in relation to its activities during the quarter ended 31st December 2012.

Executive Summary

During the quarter, four wells concluded drilling: Heron South-1 in NT/P68 (MEO 50% interest, 0% cost exposure); Gurame SE-1XST in the Seruway PSC (MEO 100%, 100% cost exposure) and two wells in the Gulf of Thailand G2/48 Concession: Anchan-1 (MEO 50%, 0% cost exposure) and Sainampung-1 (MEO 50%, 66.6% cost exposure to the first US\$5 million, 50% cost exposure > US\$5 million).

Notwithstanding intersecting gas charged zones in both Heron South-1 and Gurame SE-1XST, neither well flowed gas at commercial rates in any of the three production tests run. Sainampung-1 in the Gulf of Thailand was prematurely abandoned due to operational difficulties without testing the full prospective interval. Anchan was drilled by Pearl Oil/ Mubadala at 100% cost as a prior year commitment well.

Following these disappointing results, the Board of Directors initiated a comprehensive strategic review including a critical examination of the business model, business processes and investment policy. This review will be completed during the current quarter.

During the quarter, the Tassie Shoal projects continued to be progressed. Updated technology, capital and operating cost estimates were updated by major international engineering firms for both the Tassie Shoal Methanol and Tassie Shoal LNG projects. These reports confirmed the cost competitiveness of both projects. Commercial discussions with prospective customers, partners and potential gas suppliers continued in parallel.

A farmout/partial sale process for WA-454-P (MEO 100%) was initiated in early November. Additional projects will be offered for farmout/partial sale during 2013 including the Seruway PSC in March, followed by the Ashmore Cartier permits in July. Sale proceeds will replenish working capital.

In December, the company granted Eni an extension for the Blackwood well election deadline to 4th February 2013. Eni must elect whether or not to drill a well on the Blackwood gas discovery in NT/P68 (MEO 50%) or withdraw from that part of the permit.

Following the drilling of Heron South-1 on 14th December 2012, Eni has 60 days in which to elect whether to commit to drilling a 2nd Heron well. This deadline currently expires on 12th February 2013. If Eni elects to drill a 2nd well on Heron, it will have 36 months (3 years) to complete the drilling. If Eni elects not to drill a 2nd well, MEO will regain 100% interest in the Heron gas discovery.

Cash balance at end of quarter

The consolidated cash balance at 31st December was A\$42.4 million including a USD balance of \$28.3 million. A share purchase plan (SPP) was launched on 25th September and closed at 17:00 AEDST on Friday 12th October. The SPP raised \$9.3 million before costs for working capital. In November, A\$10.0 million was raised via a private placement to fund production testing of Gurame SE-1XST.

Events subsequent to the end of the quarter

Subsequent to the end of the quarter, the Company submitted applications to vary the minimum work commitments in AC/P50 & AC/P51 (MEO 100%).

Priorities for the current quarter ending 31st March 2013

- Complete strategic review
- Progress farmout/partial sale process for WA-454-P
- Initiate farmout/partial sale process for Seruway PSC
- Obtain variation to AC/P50 & AC/P51 minimum work program commitments
- Progress Tassie Shoal projects



Jürgen Hendrich
Managing Director & Chief Executive Officer

Attachments: Activity Summaries by Project Area

Timor Sea: Bonaparte Basin

NT/P68 (MEO 50%, Eni Australia Ltd 50% & Operator)



Pursuant to a farm-in agreement announced on 18th May 2011, Eni is earning an initial 50% interest in the Heron area by funding the drilling of two wells on the greater Heron structures. In addition, Eni has an option to earn a 50% interest in the Blackwood area by acquiring a minimum 500 km² 3D seismic survey and funding the drilling of a well on the greater Blackwood structure.

In early January 2012, Eni completed acquisition of the 766 km² Bathurst 3D seismic survey to the east of the Blackwood discovery and had until 5th January 2013 to elect whether or not to drill a well on the Blackwood structure. During the quarter, this election was extended until 4th February 2013. In the event of a positive election, Eni will have 18 months to drill the well. If the election is not made, Eni's interest in the Blackwood gas discovery reverts to MEO.

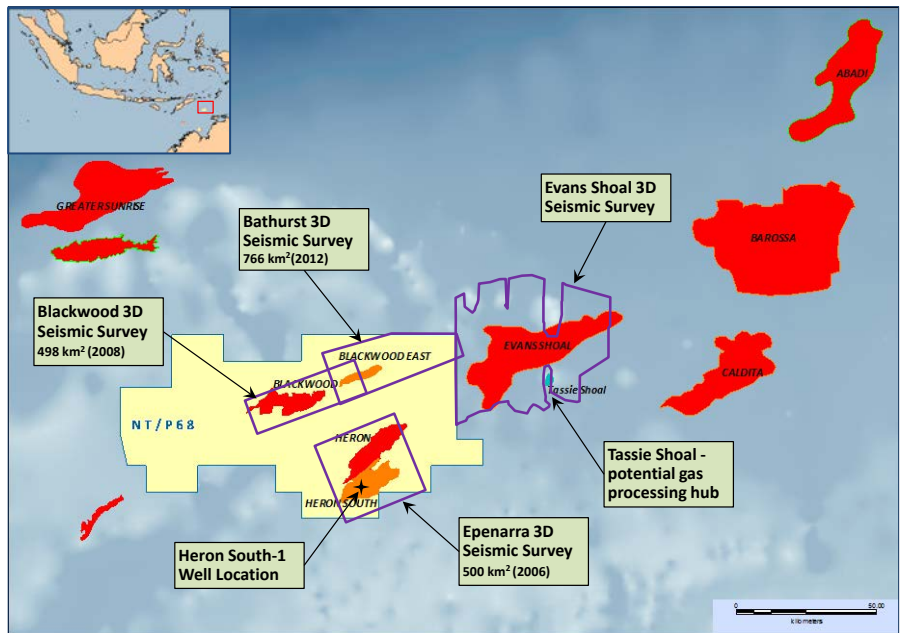


Figure 1. Location Map - NT/P68, nearby gas discoveries and 3D seismic surveys.

Heron South-1 spudded on 24th August 2012. The well reached a total depth (TD) of 4,454m MDRT (Measured Depth below Rotary Table) in 8-1/2" hole. Two gross gas bearing intervals of 120m and 115m thickness were intersected separated by approximately 130m of shale and silt. A 7" liner was run across the upper interval but did not reach TD. A 4-1/2" slotted liner was installed across the lower interval. Both production tests flowed gas to surface at rates too low to measure accurately. The rig was released on 14th December.

Heron South-1 indicates a significant in-place gas resource. The key issue to be addressed is the distribution of reservoir productivity. Eni currently has until 12th February 2013 to elect whether to commit to drilling a 2nd well on Heron to fully earn its 50% interest. In the event of a positive election, the 2nd well must be drilled within 36 months of the election date. If the election is not made, the interest in the Heron gas discovery reverts to MEO.

Work Activity Schedule: NT/P68

Permit MEO PI Operator	NT/P68 50%* Eni Australia	2012				2013				2014							
		Sep Qtr		Dec Qtr		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr					
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Permit Year		3/5				4/5				5/5							
Work program		Studies				1 well*				Studies							
Permit expiry		==>Apr'15															
Activities		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background-color: yellow; border: 1px solid black;"></div> <div style="margin-left: 5px;">PSDM</div> </div> <div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background-color: lightgreen; border: 1px solid black;"></div> <div style="margin-left: 5px;">Interpret 3D</div> </div> <div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background-color: red; border: 1px solid black;"></div> <div style="margin-left: 5px;">HS #1</div> </div> <div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background-color: white; border: 1px solid black;"></div> <div style="margin-left: 5px;">12</div> <div style="margin-left: 10px;">Complete drilling within 36 months of election</div> </div> <div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background-color: white; border: 1px solid black;"></div> <div style="margin-left: 5px;">4</div> <div style="margin-left: 10px;">Complete drilling within 18 months of election</div> </div> <div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background-color: lightpink; border: 1px solid black;"></div> <div style="margin-left: 5px;">? B'wood ?</div> </div> </div>															
Drilling in adjoining permits		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background-color: lightpink; border: 1px solid black;"></div> <div style="margin-left: 5px;">ESN#1</div> </div> <div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background-color: lightpink; border: 1px solid black;"></div> <div style="margin-left: 5px;">Barossa</div> </div> </div>															

* subject to completion of farm-in as per agreement detailed in 18th May 2011 ASX release

* Permit Year 4 well obligation has been met by drilling Heron South-1 in Permit Year 3

* drilling is contingent upon a) exercise of Blackwood well option & b) rig availability/drilling schedule

Bonaparte Gulf: Petrel Sub-Basin

WA-454-P (MEO 100%)

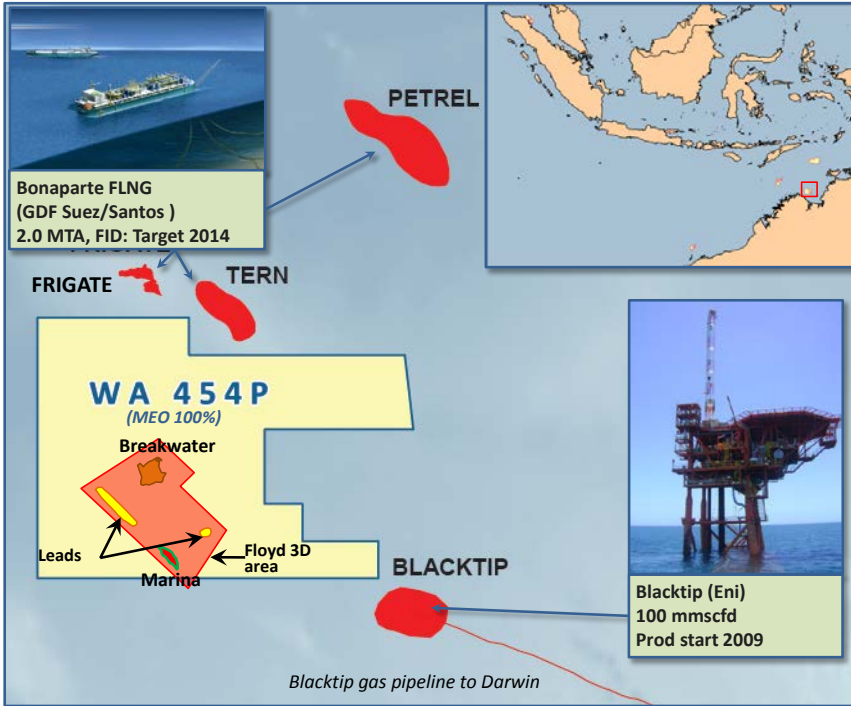


Figure 2 Location Map - WA-454-P nearby Producing Blacktip field and proposed Bonaparte FLNG project.

MEO was awarded the permit in June 2011. It contains the Marina gas and probable oil discovery together with the Breakwater prospect and a number of promising leads.

The 601 km² Floyd 3D seismic survey was acquired in early 2012. The final processed 3D data arrived in September 2012.

A farmout/partial sale process commenced 1st November with a number of parties visiting the data room prior to the Christmas/New Year break. The partial sale process is expected to conclude early in the 2nd quarter.

The company continues to scout for availability of a drilling rig to drill up to two wells potentially in the 2013/2014 financial year subject to a successful partial sale.

Work Activity Schedule: WA-454-P

Permit MEO PI Operator	WA-454-P 100% MEO	2012		2013				2014					
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr		
		J A S	O N D	J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D		
Permit Year		2/6				3/6				4/6			
Work program		Studies				Studies				Studies			
Activities		<p>Floyd 3D seismic (601 km²)</p> <p>Fast track 3D cube available</p> <p>Interpretation of fast-track</p> <p>Final 3D cube delivered</p> <p>Drill ready prospect(s)</p> <p>Partial sale process</p> <p>Assess rig options</p> <p>Contingent drilling ^x</p>											
		Process		Interpret		Interpret		Partial sale		Rig option		1-2 wells ^x	

^x drilling is contingent upon a) successful farmout & b) rig availability/drilling schedule

Ashmore Cartier Region, Timor Sea: Vulcan Sub-Basin

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



AC/P50 & AC/P51

These permits were purchased in a corporate transaction in late 2010. The 507 km² Zeppelin 3D seismic survey was acquired in early 2012. The final processed dataset and associated products were delivered subsequent to the end of the quarter.

Several promising 3-way dip closed structural leads have been identified on the 3D data which has achieved a step change in the subsurface image quality.

Subsequent to the end of the quarter, MEO submitted an application with the Government to vary the minimum work program commitment for both permits seeking to move the Year 5 well obligation for AC/P50 into year 6 and replacing the 2D seismic commitment with Multi-Azimuth 3D processing in AC/P51.

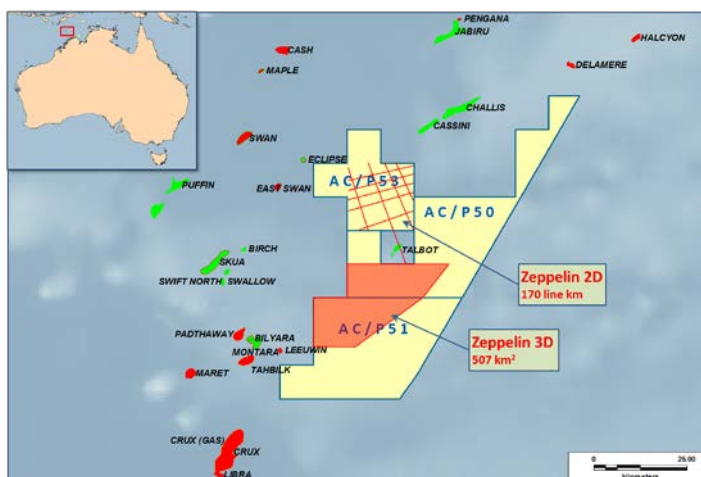


Figure 3. Location Map Permits and Zeppelin 2D & 3D Seismic Surveys

Work Activity Schedule:

Permit	AC/P50	2012				2013				2014							
		Sep Qtr		Dec Qtr		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr					
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Operator	MEO																
Permit Year		4/6				5/6				6/6							
Work program #		Studies				1 well				Studies							
Activities																	
Zeppelin 3D - final cube/products						<>											
Zeppelin 3D - interpret		Fast track				Interpret											
Prospect/drill ready																	
Lodge work program variation #						<>											
Partial sale process										Partial sale							
Assess rig options										Rig							
Drill/drop election x																	
Contingent well x																	
Lodge permit renewal application																	

a work program variation has been submitted seeking to move the Yr5 discretionary well into Yr6

x drilling is contingent upon a) identification of drillable prospect, b) successful farmout & c) rig availability/drilling schedule

Permit	AC/P51	2012				2013				2014							
		Sep Qtr		Dec Qtr		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr					
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Operator	MEO																
Permit Year		4/6				5/6				6/6							
Work program #		Studies				1,000 km 2D				1 well							
Activities																	
Zeppelin 3D - final cube/products						<>											
Zeppelin 3D - interpret		Interpret															
Prospect/drill ready																	
Lodge work program variation #						<>											
Partial sale process										Partial sale							
Assess rig options										Rig							
Drill/drop election x																	
Contingent well x																	
Lodge permit renewal application																	

a work program variation has been submitted seeking to replace Yr5 2D seismic with multi-azimuth 3D processing

x drilling is contingent upon a) identification of drillable prospect, b) successful farmout & c) rig availability/drilling schedule

Ashmore Cartier Region, Timor Sea: Vulcan Sub-Basin

AC/P53 (MEO 100%)



AC/P53 (MEO 100%)

Processing of the Zeppelin 2D long offset seismic survey commenced during the quarter and is expected to be completed during the current quarter.

Work Activity Schedule:

Permit MEO PI Operator	AC/P53 100% MEO	2012				2013				2014							
		Sep Qtr		Dec Qtr		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr					
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Permit Year		2/6				3/6				4/6							
Work program		150 km long offset 2D *				Studies				Studies							
Activities		Reprocess 3D				Process				Interpret							
Reprocess existing 3D																	
Zeppelin 2D - process																	
Zeppelin 2D - interpret																	
Lead inventory																	
Partial sale process										Partial sale							

* Permit Year 2 seismic obligation was fulfilled in Permit Year 1

Bonaparte Gulf: Petrel Sub-Basin

NT/P79 (MEO 65%)



MEO executed a binding farm-in agreement with Finder Exploration in December 2012 to acquire a 65% interest in the permit and assume the role of Operator. Consideration for the transaction is \$200,000 representing MEO's participating interest share of sunk costs in the permit. The transaction is conditional only upon receipt of regulatory approvals.

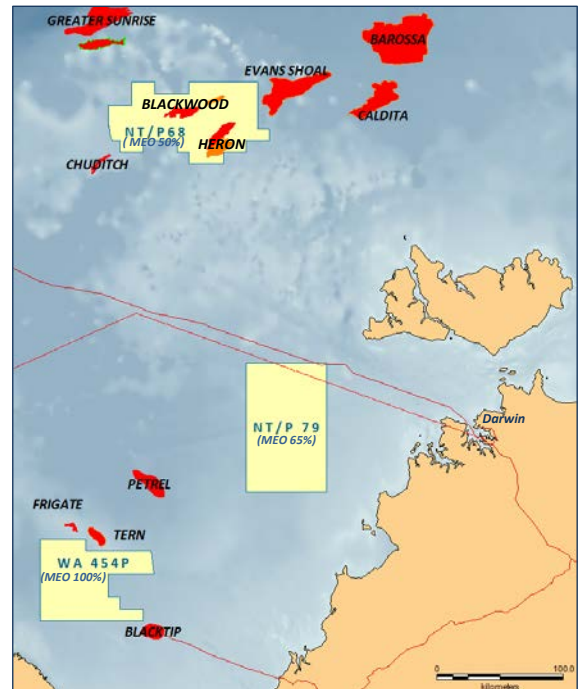


Figure 4. Map showing location relative to other MEO Permits and existing/planned infrastructure..

Work Activity Schedule:

Permit MEO PI Operator	NTP79 65% * MEO	2012				2013				2014									
		Sep Qtr		Dec Qtr		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr							
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Permit Year		4/6				5/6				6/6									
Work program		Prospect identification study				Studies & well proposal				1 well									
Activities		<ul style="list-style-type: none"> Execute farm-in agreement Obtain GA 2D seismic data Interpret GA 2D seismic data Define prospect/drillable prospect Partial sale process Identify rig options Drill/drop election Contingent well ^x 																	
		==>1H'15																	

^x drilling is contingent upon a) identification of drillable prospect, b) successful farmout & c) rig availability/drilling schedule

North West Shelf: Offshore Carnarvon Basin

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



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

The permit was renewed in early 2012 for an additional 5 years. Interpretation of the Foxhound 3D dataset licenced on and off permit continued during the quarter.

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

The permit was renewed in early 2011 for five years. Interpretation of the 363 km² Zeus multi-client 3D data set licenced within the permit continued during the quarter.

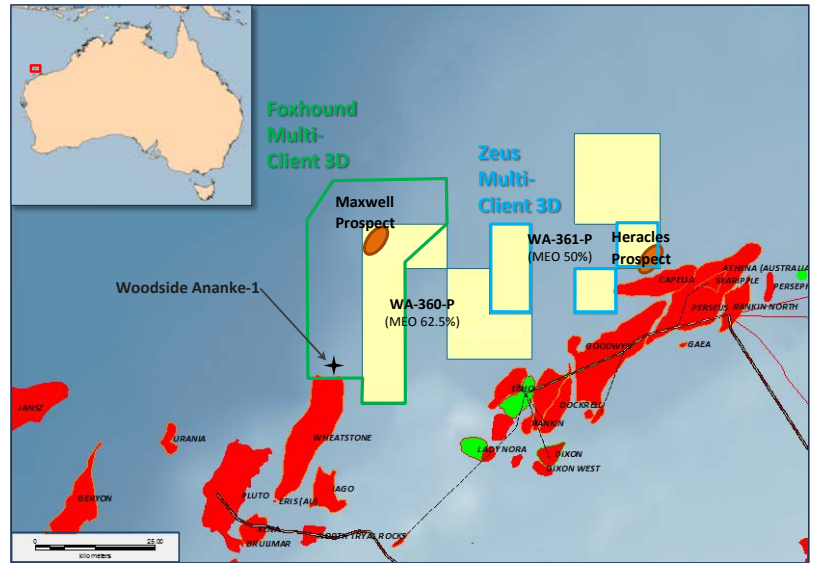


Figure 5. Location Map - Carnarvon Basin Permits showing Zeus and Foxhound 3D Multi-client 3D seismic survey outlines and Maxwell prospect.

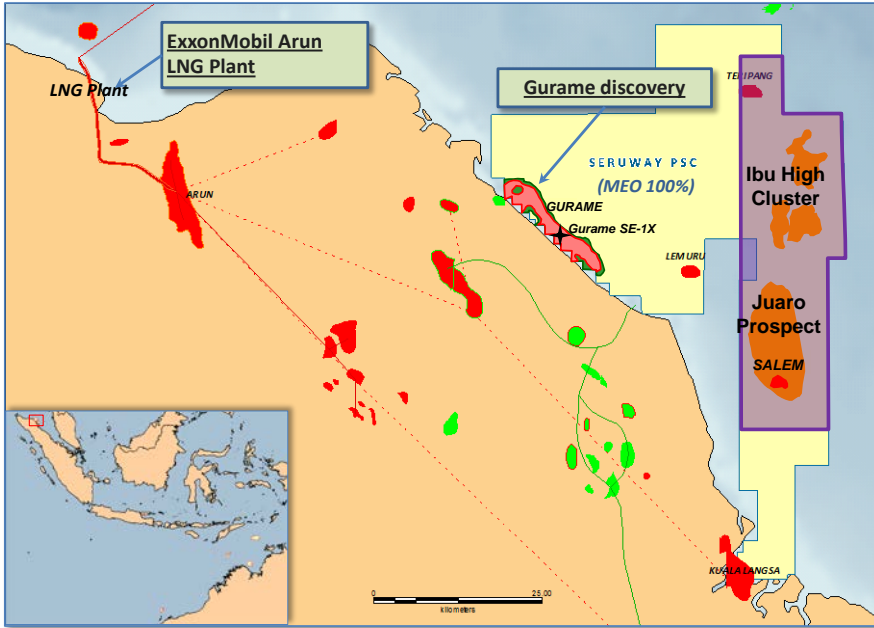
Work Activity Schedule: WA-360-P & WA-361-P

Permit	MEO PI	Operator	2012		2013				2014			
			Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr
			J A S	O N D	J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D
Permit Year			1/5		2/5				3/5			
Work program			Licence 363 km ² MC3D		648 km ² 3D reprocessing				3D interpretation, studies			
Activities			Interpret 3D		3D interpretation				Repro			
Foxhound 3D												
Seismic reprocessing									Repro			
Prospect identification									Integrate			
Ananke-1 data becomes open file									Farm-out			
Integrate open file data												
Partial sale process												
Farmout												
Permit Year			2/5		3/5				4/5			
Work program			150 km ² 3D, studies		3D interpretation, studies				1 well			
Activities			Proc		Interpret				Partial sale			
Zeus 3D (323 km ²)									Rig options			
Prospect identification												
Partial sale process												
Identify rig options												
Drill/drop election												
Contingent well *									1 well			

* drilling is contingent upon a) identification of drillable prospect, b) successful farmout & c) rig availability/drilling schedule

North Sumatra, Indonesia

Seruway PSC (MEO 100%*)



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

During the quarter Gurame SE-1X commenced drilling on 23rd September. The well reached a total depth (TD) of 3,145mMDRT in a sidetracked hole within the primary target Belumai sands. Significant mud losses at this level precluded drilling ahead.

Production testing of the Baong sands failed to flow gas to surface and the well was subsequently plugged and abandoned with the rig released on 22nd December.

Notwithstanding the significant investment in drilling on an existing discovery, drilling proved to be technically challenging and the Baong reservoirs found to have low productivity. The deeper Belumai sands were not fully penetrated and could not be production tested due to operational constraints. It is considered unlikely that the Gurame resource can be advanced to commercial development within the remaining tenure of the PSC.

Work continued on the Ibu Horst 3D seismic to develop an inventory of drillable prospects for consideration as potential 2013 drilling candidates. A farmout/partial sale process is scheduled to commence in early March.

Work Activity Schedule: Seruway PSC

Permit MEO PI Operator	Seruway PSC 100%* SOEL*	2012				2013				2014							
		Sep Qtr		Dec Qtr		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr					
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Permit Year		8/10				9/10				10/10							
Work program		1 well				1 well				2 wells							
PSC expiry										<>							
Option to withdraw from PSC										<>							
Partial sale process						Partial sale											
Assess rig options						Rig options											
Activities																	
Gurame oil & gas discovery																	
Gurame SE-1X		GSE-1X															
Kuala Langsa gas discovery																	
Resource assessment																	
Potential contingent well ^x										Well [*]							
Ibu Horst discoveries																	
Ibu Horst 3D (process)		Process															
3D Interpretation		Interpret 3D															
Define prospects										<>							
Resource assessment						Volumes											
Potential contingent well ^x										Well [*]							

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

^x drilling is contingent upon a) successful farmout, b) rig availability/drilling schedule & c) regulatory approvals

Gulf of Thailand

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



MEO acquired its 50% interest by farming into the Gulf of Thailand G2/48 concession in early 2012. Consideration included reimbursing 50% of the costs of the Rayong 3D seismic survey acquired in late 2011 and paying 66.7% of the first US\$5 million of the Year 6 obligation well. Costs above the US\$5 million cap are shared on a participating interest basis.

During the quarter, Operator Pearl Oil Offshore Limited “Pearl” drilled Anchan-1 at its sole expense to meet the outstanding Year 5 commitment. The well did not encounter any hydrocarbons.

Immediately following Anchan-1, Sainampueng-1X was drilled from the same surface location and reached a total depth (TD) of 2,323mMDRT. Significant mud losses resulted in cessation of drilling, significantly short of the planned TD. No hydrocarbons were intersected in the drilled interval, however a significant prospective section remains untested.

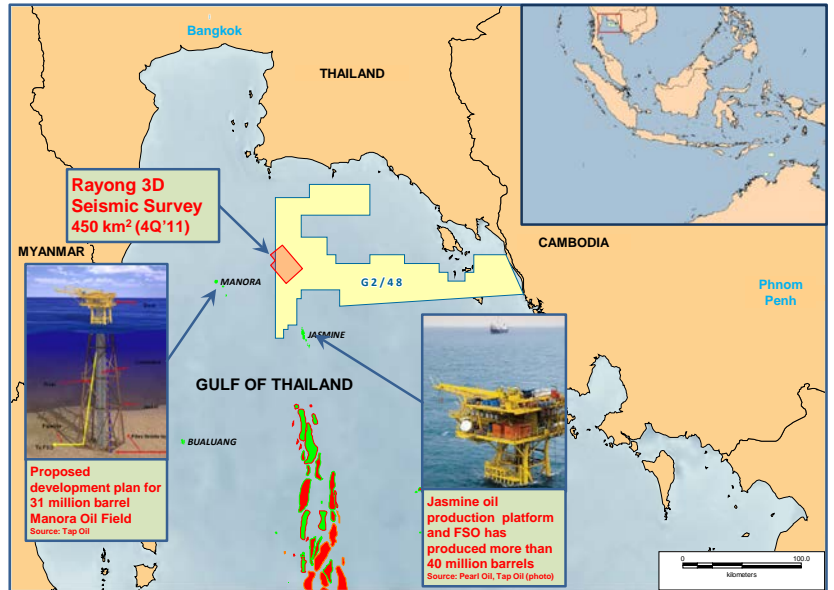


Figure 6. Location Map Gulf of Thailand G2/48 PSC

A permit renewal application for an additional 3 years was previously submitted and is awaiting regulatory approval. The work program includes a well in the 2nd renewal year (2014) with a drill/drop option prior to entering the permit year.

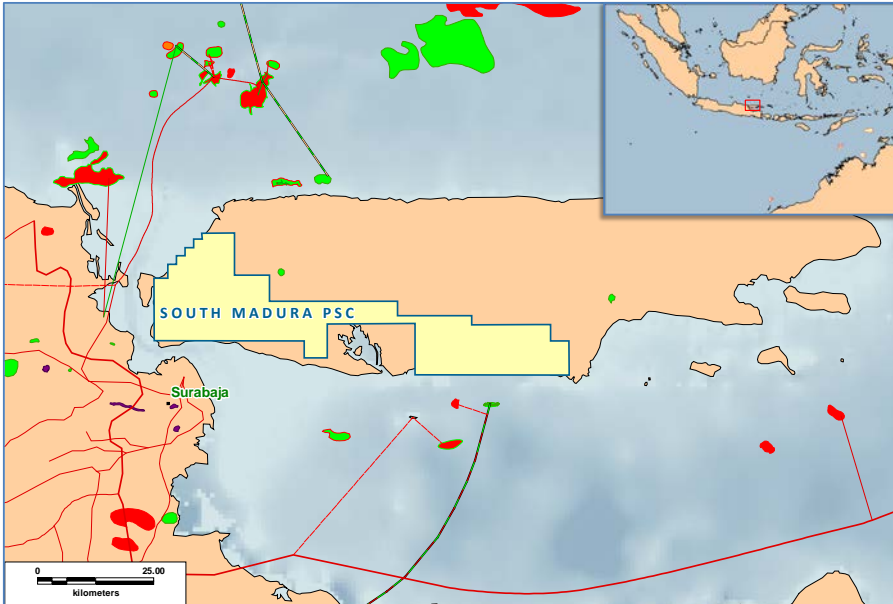
Work Activity Schedule: G2/48 PSC

Permit MEO PI Operator	G2/48 Concession 50% Pearl Oil	2012				2013				2014							
		Sep Qtr		Dec Qtr		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr					
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Permit Year		6/6				1/3 (Yr7)				2/3 (Yr8)							
Work program *		1 Well				Studies *				Studies, 1 well *							
Activities																	
Anchan-1																	
Sainampueng-1																	
Permit renewal application		<>															
Option to continue or relinquish				<>						<>							

* work program for permit renewal is subject to regulatory approval

East Java, Indonesia

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



During the quarter, discussions with regulatory authorities continued in relation to an application seeking compensation for lost time in the permit.

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

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

Work Activity Schedule: South Madura PSC

Permit MEO PI Operator	Sth Madura PSC 90%* SMEC	2012				2013				2014							
		Sep Qtr		Dec Qtr		Mar Qtr		Jun Qtr		Sep Qtr		Dec Qtr					
		J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Permit Year		9/10				10/10											
Work program+ PSC expiry						under review+											
Activities Lodge work program variation+		WPV				Pending +											

* 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%)

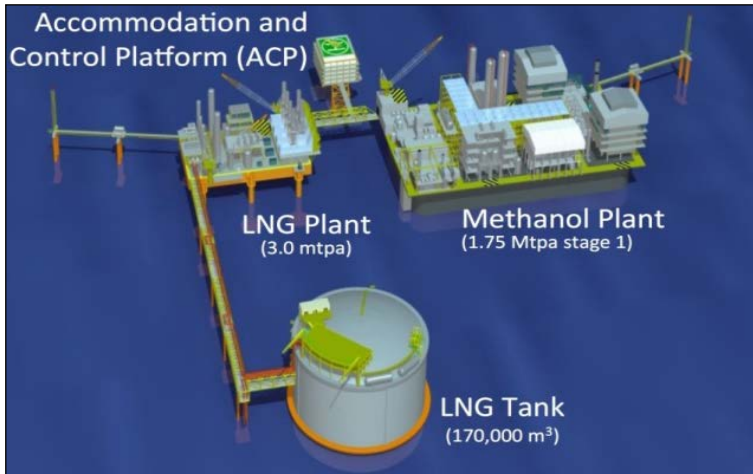


Figure 8. CAD schematic of Tassie Shoal Projects showing proposed LNG Plant, LNG Storage Tank and Phase 1 Methanol Plant.

Updated technology, capital and operating cost estimates were received from major international engineering firms during the quarter.

The results concluded that the Tassie Shoal LNG project maintained its US\$2 - \$4 billion capital cost advantage over onshore and FLNG alternatives. In addition, the competitive advantages of the Tassie Shoal Methanol project were re-affirmed.

In parallel, discussions continued with prospective partners, customers and gas suppliers to establish a commercial framework for the Tassie Shoal Projects by exploring the pre-sale of methanol and participation in the midstream and upstream components of the projects.

New Ventures



During the quarter limited screening of new venture opportunities took place owing to the heightened operational activity.