

ASX & Media Release

Seruway PSC - Gurame SE-1XST Progress Report No. 12

Key Points:

- Drilled out of 7" liner in 6" hole into uppermost Belumai sands
- Observed strong gas shows from interbedded sands in Lower Baong shale
- Experienced mud losses at 3,145mMDRT* likely due to natural fractures in Belumai sands
- Stabilized well against continued gas influx
- Currently preparing to run initial logging suite
- Mobilizing testing equipment to undertake production testing of Baong sands

MELBOURNE, AUSTRALIA (28th November, 2012)

MEO Australia Limited (ASX: **MEO**; OTCQX: **MEOAY**) provides the following update in relation to Gurame SE-1XST being drilled in the Seruway PSC, offshore North Sumatra.

Since the last report the 7" liner has been drilled out with a 6" bottom hole assembly from 2,961mMDRT to 3,145mMDRT. High background gas readings were noted from thin sands within the Lower Baong shale with no CO₂ or H₂S detected by surface equipment.

Circulation was lost at 3,145mMDRT which was interpreted to be due to natural fractures in the top of the Belumai sands. Mud losses have been contained and the well has been stabilized prior to commencing wireline logging operations.

Following completion of the logging operations, the forward program is to plug back to the 7" liner prior to production testing the Baong sands.

Progress Summary

Progress since last report:

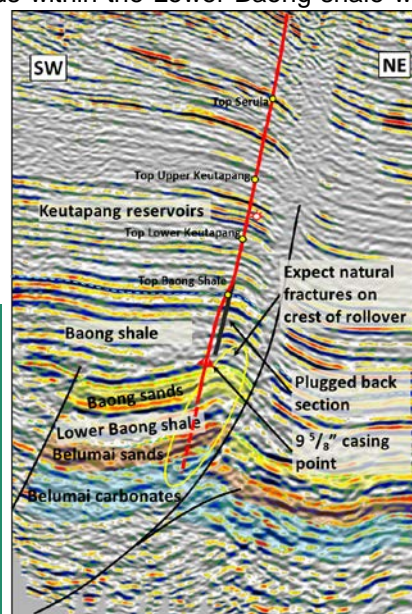
- Drilled out of 7" liner in 6" hole to 3,145mMDRT

Present Operation (at 0200 hrs Jakarta time, 28th November)

- Pulling drill string out of hole at 1241mMD and preparing to commence wireline logging operations

Outlook:

- Complete logging operations and plug back to 7" liner shoe
- Production test Baong sands
- Plug and abandon well



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

"The detection of gas within the Lower Baong shale with no indications of CO₂ or H₂S indicates the shale as the likely hydrocarbon source for the adjacent Baong and Belumai sands. Evidence of natural fractures in the Belumai sands will enhance the potential of this interval to be a productive reservoir. We look forward to the upcoming production test of the upper zone."



Jürgen Hendrich
Managing Director & Chief Executive Officer

* mMDRT = metres measured depth below rotary table