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ASX & Media Release

Seruway PSC - Gurame SE-1XST Progress Report No. 14

Key Points:

- Production test of Baong sands completed without recording flow to surface

MELBOURNE, AUSTRALIA (13th December, 2012)

MEO Australia Limited (ASX: **MEO**; OTCQX: **MEOAY**) provides the following update in relation to the Gurame SE-1XST well in the Seruway PSC, offshore North Sumatra, in which MEO holds a 100% interest.

Since the last report, the 7" liner was perforated over the Baong sands with tubing conveyed perforating (TCP) guns across a total 57m net interval between 2,700mMDRT* and 2,898mMDRT. Despite stimulating the well with nitrogen, no flow to surface was recorded and the production test has been completed.

Operations are currently underway to plug and abandon the well with the rig expected to be released around December 20th.

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

"This result is clearly a significant setback in our efforts to advance the Gurame resource towards development. Despite evidence of gas in the Baong and Belumai sands, operational challenges precluded fully drilling and evaluating the lower objectives. Further evaluation will be required to reconcile the gas shows observed while drilling, significant mud losses and gas influx into the wellbore with the absence of flow during production testing.

MEO's immediate focus in the Seruway PSC will be directed to the Ibu Horst portion of the PSC including finalising interpretation of the 3D seismic survey acquired earlier this year. This work will integrate results from existing Ibu Horst gas discoveries and an oil and gas discovery to fully quantify the resource potential of the area and identify the most attractive drilling candidates.

The prospectivity of the Ibu Horst was one of the key attractions of the PSC and is entirely independent of Gurame. A farmout process is currently planned to launch in February 2013."

Jürgen Hendrich

Managing Director & Chief Executive Officer

* mMDRT = metres measured depth below rotary table