MEO Australia Limited
ABN 43 066 447 952

Level 23
500 Collins Street
Melbourne Victoria 3000 Australia

Tel: (+61 3) 8625 6000
Fax: (+61 3) 9614 0660
Email: admin@meoaustralia.com.au
Website: www.meoaustralia.com.au

Quarterly Activities Summary For Period Ended 31st December 2011

Highlights

- Rig contract awarded for ENSCO-109 jack-up to drill Heron-3 in 2012
- WA-360-P participating interest to increase to 62.5% prior to permit renewal
- Acquisition of 1,318 km^2 multi-client Zeus 3D survey completed (covers WA-361-P)
- Eni acquires 766 km^2 Bathurst 3D seismic survey in NT/P68 over Blackwood East
- Completed acquisition of 708 km^2 Ibu Horst 3D seismic survey in Seruway PSC
- Regained 100% unencumbered interest in Tassie Shoal Methanol Project
- Head office relocated to Level 23, 500 Collins Street, Melbourne
- Consolidated cash balance at 31st December A$83.7 million ($0.155/share)

MELBOURNE, AUSTRALIA (**23rd January, 2012**)

MEO Australia Limited (ASX: **MEO**; OTC: **MEOAY**) provides the following information in relation to its activities for the quarter ended 31st December 2011.

Executive Summary

MEO commenced a period of high field activity during the quarter and made significant progress in all areas of its portfolio.

In NT/P68, Operator Eni Australia Limited ("Eni") awarded a rig contract for the drilling of the Heron-3 appraisal well. The rig is expected to arrive late in the second quarter this year, with drilling to occur during the third quarter. Eni also brought forward the exercise of their 3D seismic option and acquired some 766 km^2 of 3D seismic data over the eastern extension of the Blackwood gas discovery. Acquisition of this survey was completed in early January and the survey will now undergo extensive processing to a pre-stack depth migrated volume to resolve depth conversion challenges. The final processed volume is expected in November.

Our Tassie Shoal Gas Processing Projects entered a new phase during the quarter with the appointment of Mr Robert Zammit to a new position of Executive Manager – Business Development. His primary role is to drive the Company's efforts to monetise the Tassie Shoal projects. We terminated the Joint Development Agreement (JDA) with Air Products which had been suspended since 2006 and regained a 100% unencumbered interest in all components of this project, materially enhancing our commercialization options. Concurrent with terminating the JDA, we announced our intention to seek expressions of interest from companies seeking to participate in these projects. We are confident that this year will see significant progress in finally moving these projects towards commercial reality.

Work on MEO's Carnarvon basin permits continued with the acquisition of 3D seismic in WA-361-P and the submission of a renewal application for WA-360-P. Two of our WA-360-P joint venture partners - Petrobras and Moby – have elected to withdraw at the expiry of the current permit year. The WA-360-P renewal application includes the proposed purchase of existing multi-client 3D seismic in the first year. Our plans for both these permits involve maturing several leads into prospects before seeking a farm-in partner for either or both of the permits.

Since we were awarded the WA-454-P in the Bonaparte Gulf in June 2011, we have moved rapidly to assess the potential of the permit. A technical evaluation of the Marina-1 gas and liquids discovery has provided sufficient encouragement to warrant an early investment in 3D seismic. The nearby Breakwater prospect represents a very attractive exploration target. Design of and tendering for the Floyd 3D seismic survey targeting Marina, Breakwater and two other leads was completed during the quarter and the contract for acquisition of the Floyd 3D seismic survey was awarded in early January. Acquisition is expected to commence in February and be completed in March.

In our contiguous AC/P50, 51 and 53 exploration permits in the Vulcan sub-basin, we completed design and tendering of the Zeppelin 2D and 3D seismic surveys during the quarter. A contract for the 2D and 3D Zeppelin seismic surveys was awarded in January. The surveys were combined with the Floyd contract for efficiency and cost reasons.

In Indonesia, acquisition of the 708 km^2 Ibu Horst 3D seismic survey commenced and was completed in early January. This survey will provide the technical basis to evaluate the exploration potential of the Ibu Horst section of the block. We will use this evaluation to select a candidate for drilling the commitment well due by the end of 2012. In addition, MEO is working on a variety of activities aimed at maturing a Plan of Development (POD) for the Gurame gas discovery within the Seruway PSC. This POD maturation, coupled with the Kuala Langsa discovery and the improved definition of the Ibu Horst exploration prospects will underpin our future plans to attract a farm-in partner for the Seruway block.

The last quarter also saw MEO's subsidiary South Madura Exploration Company (SMEC) acquire an additional 60% interest and operatorship (subject to regulatory approval) in the South Madura PSC from AED South Madura BV (AED). AED's parent company went into administration and subsequently receivership in the last half of 2011 which had the unfortunate effect of suspending progress of the work program in the block. MEO decided to acquire the increased interest in the South Madura block from AED's new owners to drive exploration efforts and we are now focused on discussions with the Indonesian regulator aimed at arriving at an achievable work program designed to test the exploration concepts our technical team has identified.

Office Relocation

In November the Company relocated its head office to Level 23, 500 Collins Street Melbourne.

Cash balance at end of quarter

At 31st December 2011, the consolidated cash balance was A$83.75 million equivalent to $0.155/share. The cash balance includes $23.25 million held in US dollars.

Share buy-back

On 28th September, MEO announced it intended to initiate an on-market share buy-back for up to 10% of its issued capital following a period during which its shares traded at below cash backing. The share buy-back allows for the purchase of up to 47.7 million shares over a 12 month period commencing on/about 13th October. No shares were purchased during the quarter under this initiative which lapsed on 13th December.

Priorities for the current quarter ending 31st March 2012

- Regulatory approval for renewal of WA-360-P for further 5 years
- Flawless execution of seismic acquisition programs in AC/P50, AC/P51, AC/P53 and WA-454-P
- Evaluate fast-track cube of Ibu Horst 3D seismic in Seruway PSC
- Continue planning for drilling Seruway PSC commitment well in late 2012
- Achieve regulatory approval for increased interest and work program variation in South Madura PSC
- Continue to advance Tassie Shoal gas projects towards commercial development
- Continue to seek attractive New Venture opportunities to supplement acreage portfolio

Jürgen Hendrich
Managing Director & Chief Executive Officer

Timor Sea: Bonaparte Basin

NT/P68 (MEO 50%[1], Eni Australia Ltd 50% & Operator)

Eni is earning an initial 50% interest in the Heron area by funding the Heron-3 and Heron-4 wells. Eni also has an option to earn a 50% interest in the Blackwood area by acquiring a minimum 500 km^2 of 3D seismic and drilling Blackwood-2 (refer ASX release 18th May 2011).

During the quarter, Eni awarded a contract to Ensco Australia Pty Limited ("Ensco") for the provision of the ENSCO-109 jack-up drilling rig and associated services to drill Heron-3 which is designed to test the Heron South fault block. The rig is now expected to become available late 2nd quarter 2012.

Eni also acquired the Bathurst 3D seismic survey over Blackwood East. A total of 766 km^2 of full fold data was acquired, exceeding the 500 km^2 minimum requirement under the farm-in agreement. The survey was completed in early January. Eni has 365 days from the completion of the survey to elect whether or not to drill Blackwood-2 to fully earn its 50% interest in the Blackwood area.

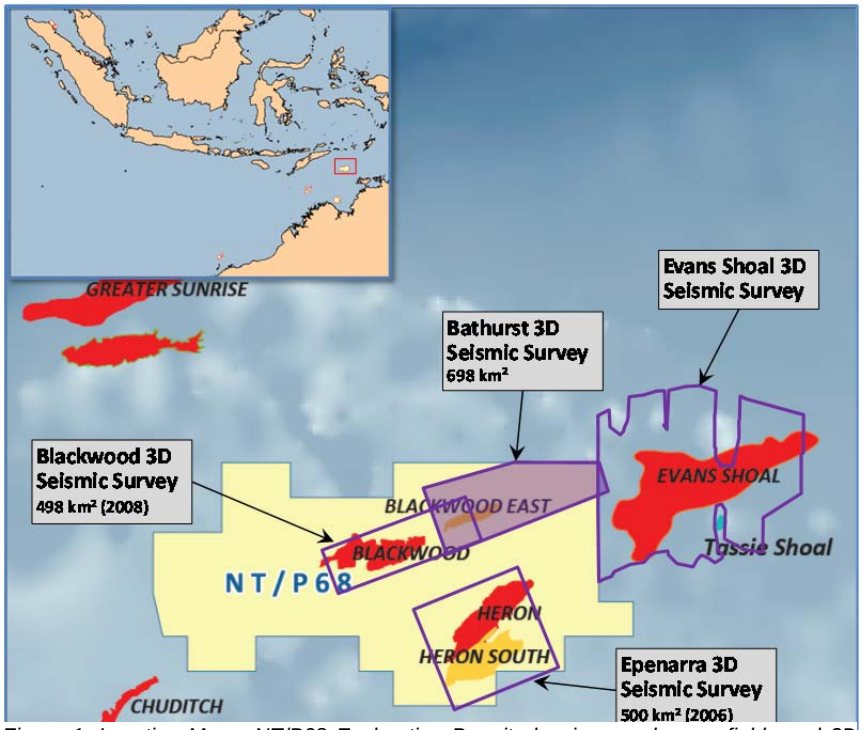

Figure 1. Location Map - NT/P68 Exploration Permit showing nearby gas fields and 3D seismic surveys.

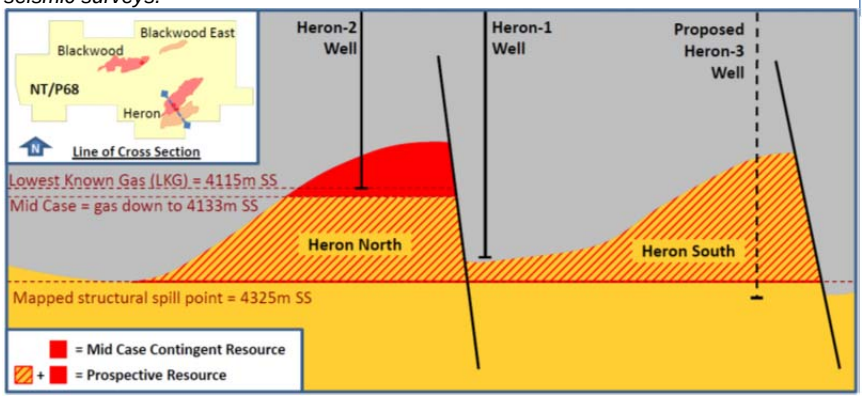

Figure 2. Heron Cross Section.

Work Activity Schedule: NT/P68

Permit	NT/P68	2011						2012												2013											
MEO PI	50%	Sep Qtr			Dec Qtr			Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr			Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr		
Operator	Eni Australia	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
Work program undertakings		150 km^2 3D seismic									Interpret 3D															1 discretionary well					
Activities																															
Historical																															
Contract rig for Heron-3																															
Bathurst 3D (766 km^2)				Plan 3D			3D																								
Outlook																															
Bathurst 3D (766 km^2)								3D		Process 3D			Interpret 3D																		
Drill ready Blackwood prospect																			<>												
Heron-3													Heron3																		
Heron-4 drill/drop option																		<>													
Blackwood-2 drill/drop option																					<>										

[1] Eni has options to increase its equity to 75% in either or both the Heron & Blackwood gas discoveries by funding MEO's expenditures through to FID & paying MEO a one-off cash bonus of US$75 million on reaching FID for the 1st development.

North West Shelf: Offshore Carnarvon Basin

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

During the quarter, Fugro Multi Client Services Pty Ltd completed the acquisition of the 1,318 km^2 Zeus multi-client 3D survey. MEO has committed to purchase 363 km^2 of this survey which will meet the Permit Year 2 (Jan 2012 – Jan 2013) work program obligation. The 3D survey will determine whether the Heracles lead and other leads can be matured towards prospect status and be considered as potential candidates for a discretionary well in Permit Year 4 (Jan 2014 – Jan 2015).

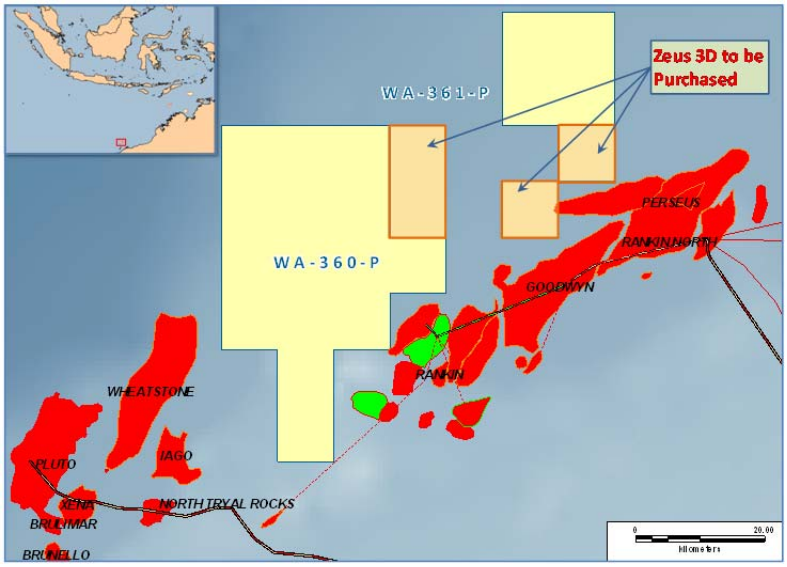

Figure 3. Location Map - Carnarvon Basin Permits showing proposed WA-360-P relinquishment and portion of Zeus 3D Multiclient Survey to be purchased

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

The permit is currently in Permit Year 6 and expires on 31st January 2012. During the quarter, MEO submitted an application to renew the permit for an additional 5 years. This process involves the mandatory relinquishment of 50% of the permit area. MEO has applied to retain 8 of the 15 current graticular permit blocks.

Petrobras (50%) and Moby (10%) elected not to participate in the permit renewal and their participating interests will be distributed between MEO (62.5%) and Cue (37.5%) immediately prior to renewal.

Work Activity Schedule: WA-361-P

Permit	WA-361-P	2011			2012									2013								
MEO PI	50%	Sep Qtr		Dec Qtr	Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr	Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr
Operator	MEO	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
Work program undertakings		Geo studies						150 km^2 new 3D, studies												3D interpretation, studies											
Activities																															
Historical																															
Zeus 3D (363 km^2)		Plan		3D			Proc																								
Outlook																															
Zeus 3D (363 km^2)								Process 3D					Interp 323 km^2 3D																		
Drill ready prospect																	<>														
Potential farm-in discussions																				Potential Farm-in discussions											

Work Activity Schedule: WA-360-P

Permit	WA-360-P	2011			2012									2013								
MEO PI	25% => 62.5%*	Sep Qtr		Dec Qtr	Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr	Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr
Operator	MEO	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
Work program undertakings		Geo studies						Foxhound 3D, studies												Reprocess 3D multi-azimuth											
Activities																															
Historical																															
Studies		>Artemis-1 work																													
Permit renewal					Renew																										
Outlook																															
Permit renewal*																															
Foxhound 3D (323 km^2)									3D		Interp 363 km^2 3D																				
Seismic reprocessing																				Repro			Interp 3D								
Drill ready prospect																										<>					
Potential farm-in discussions																				Potential Farm-in discussions											

** Subject to regulatory approval*

Bonaparte Gulf: Petrel Sub-Basin

WA-454-P (MEO 100%)

MEO continued to assimilate the available technical data and plan for Permit Year 1 seismic acquisition.

Subsequent to the end of the quarter MEO awarded a contract to CGGVeritas Services SA for the acquisition of the proposed 601 km^2 Floyd 3D seismic survey over the Marina gas and liquids discovery, together with the Breakwater prospect and surrounding exploration leads. Acquisition is scheduled to commence following completion of the Zeppelin 3D seismic survey.

This survey is designed to enhance the mapping of the Marina gas and liquids discovery to: refine the assessment of the discovered volumes; optimise the selection of a drilling location on the Breakwater prospect and determine whether the surrounding exploration leads can be matured to drillable prospects. The commitment to the Floyd 3D seismic survey brings forward the Permit Year 3 commitment and will replace the Permit Year 1 obligation to acquire 300 km's 2D seismic subject to receipt of regulatory approval.

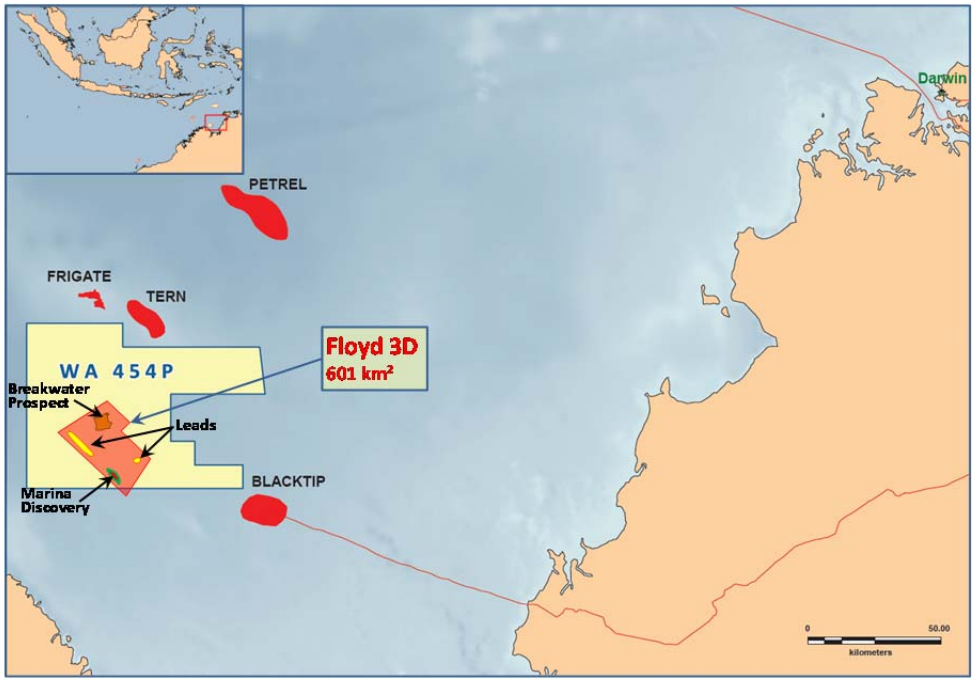

Figure 4 Location Map - Petrel Sub-Basin Permits showing Floyd Seismic Survey

Work Activity Schedule: WA-454-P

Permit	WA-454-P	2011		2012				2013			
MEO PI	100%	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr
Operator	MEO	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
Work program undertakings		300 km new 2D, studies				750 km 2D repro, studies				400 km^2 3D	
Activities											
Historical											
Data assimilation		Data									
Resource estimation			Volume								
Planning for 3D seismic			Planning								
Work program variation											
Outlook											
Work program variation*											
Resource estimation				Volume			Volume				
Floyd 3D seismic				3D	Process 3D	Interpret 3D					
Reprocessing								Repro	Interp		
Drill ready prospect									<>		
Farm-in discussions										Farm-in talks	

** Awaiting regulatory approval*

Ashmore Cartier Region, Timor Sea: Vulcan Sub-Basin

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

During the quarter, planning for seismic data acquisition continued. Subsequent to the end of the quarter, MEO awarded a contract to CGGVeritas Services SA for the acquisition of the Zeppelin 3D seismic survey. Acquisition commenced on 20th January.

AC/P53 (MEO 100%)

During the quarter, planning for seismic data acquisition continued. Subsequent to the end of the quarter, MEO awarded a contract to CGGVeritas Services SA for the acquisition of the Zeppelin 2D long offset seismic survey. Acquisition was completed on 17th January.

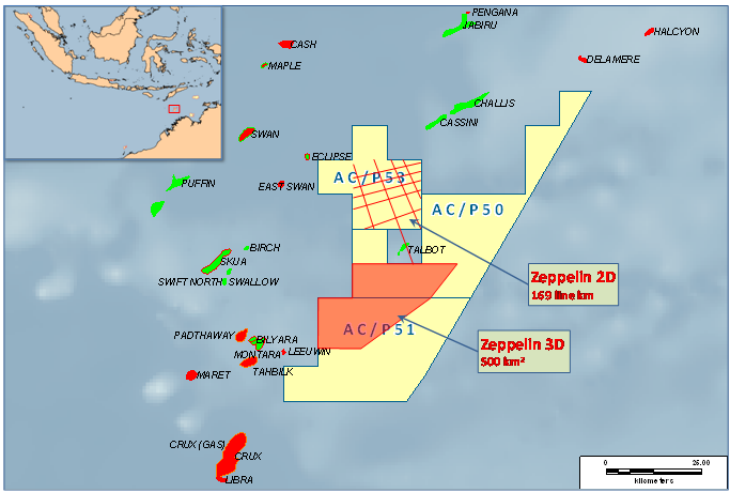

Figure 5. Location Map - Vulcan Sub Basin Permits with Zeppelin Seismic Surveys

Work Activity Schedule: AC/P50

Permit	AC/P50	2011				2012										2013									
MEO PI	100%	Sep Qtr			Dec Qtr	Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr			Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr
Operator	MEO	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
Work program undertakings		200 km² 3D							Studies										1 discretionary well						
Activities																									
Historical																									
Zeppelin 3D		Planning 3D																							
Outlook																									
Zeppelin 3D						3D			Process 3D			Interpret 3D													
Drill ready prospect															<>										
Farm-in discussions																Farm-in talks									
Discretionary well (2013/14)																						Optional well			

Work Activity Schedule: AC/P51

Permit	AC/P51	2011				2012										2013									
MEO PI	100%	Sep Qtr			Dec Qtr	Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr			Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr
Operator	MEO	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
Work program undertakings		1,000 km 2D							Studies										1,000 km 2D						
Activities																									
Historical																									
Zeppelin 3D		Planning 3D																							
Work program variation					WPV																				
Outlook																									
Work program variation*																									
Zeppelin 3D						3D			Process 3D			Interpret 3D													
Drill ready prospect															<>										
Farm-in discussions																Farm-in talks									
Discretionary well (2014/15)																						Optional well			

** Awaiting regulatory approval*

Work Activity Schedule: AC/P53

Permit	AC/P53	2011				2012										2013									
MEO PI	100%	Sep Qtr			Dec Qtr	Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr			Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr
Operator	MEO	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
Work program undertakings		825 km2 3D repro, studies										150 km long offset 2D										Studies			
Activities																									
Historical																									
Zeppelin 2D		Planning 2D																							
Work program variation					WPV																				
Outlook																									
Reprocessing									Repro																
Zeppelin 2D						2D			Process 2D			Interpret 2D													
Lead inventory															<>										
Farm-in discussions																Potential farm-in discussions									

Seruway PSC, North Sumatra
(MEO 100%)

The PSC contains two significant gas discoveries – Gurame & Kuala Langsa – together with a number of wells that have intersected and tested gas and condensate. The PSC is strategically situated in close proximity to LNG infrastructure which has under-utilised capacity and a strong domestic gas market. MEO has committed to acquiring 700 km^2 3D seismic and to drill one well by the end of 2012.

During the quarter, a contract was awarded to PT Nusantara PGS for the acquisition of the Ibu Horst 3D seismic survey. The 3D survey was completed in early January with 708 km^2 of full fold data recorded.

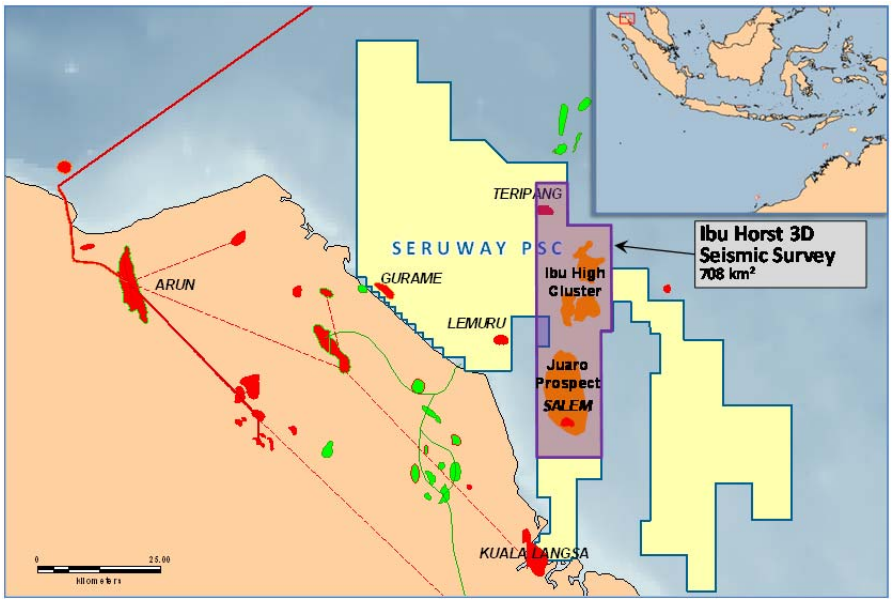

Figure 6.Location map – Seruway PSC (MEO 100%)

Work Activity Schedule: Seruway PSC

Permit	Seruway PSC	2011						2012												2013											
MEO PI	100%*	Sep Qtr			Dec Qtr			Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr			Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr		
Operator	SOEL*	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
Work program undertakings		100 km^2 3D						1 well												2 wells											
Activities																															
Historical																															
Work program variation																															
Plan Ibu Horst 3D				Plan 3D																											
Ibu Horst 706 km^2 3D						3D																									
Outlook																															
Ibu Horst 706 km^2 3D								3D	Process			Interpret 3D					Well											2 wells			
Resource assessment												Volumes								Volumes											
Farm-in discussions									Farm-in talks											Farm-in talks											
Gurame development plan								Gurame P.O.D																							
Kuala Langas JV discussions		KL JD talks						KL joint devmt discussions												KL joint devmt discussions											

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

South Madura PSC, East Java

(MEO 90%, Operator)

During the quarter, MEO executed a binding agreement to acquire an additional 60% participating interest in the PSC from AED South Madura BV for US$0.3 million cash. The purchase is subject to customary approvals.

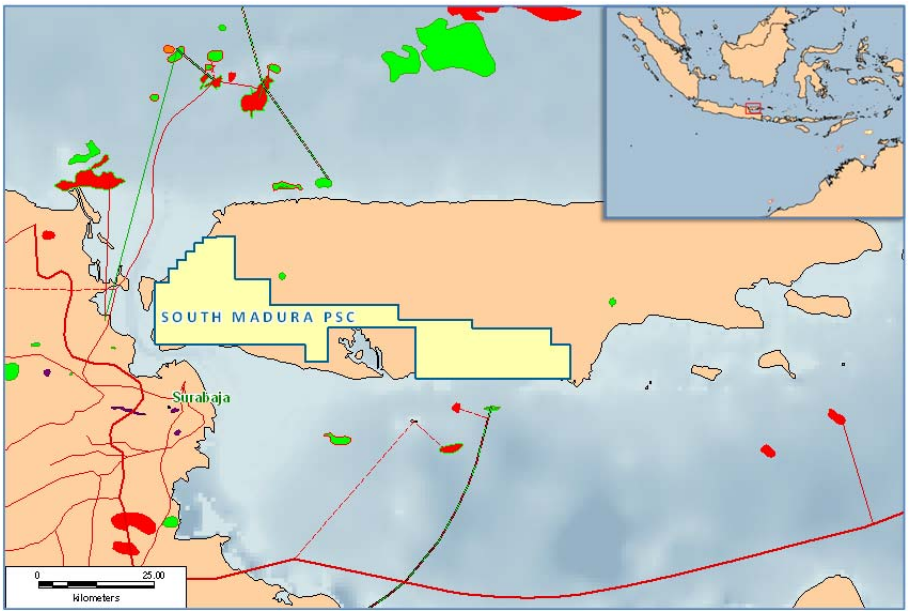

Figure 7. Location Map South Madura Island PSC (MEO 90%)

Work Activity Schedule: South Madura PSC

Permit	Sth Madura PSC	2011						2012												2013											
MEO PI	90%*	Sep Qtr			Dec Qtr			Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr			Mar Qtr			Jun Qtr			Sep Qtr			Dec Qtr		
Operator	SMEC+	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
Work program undertakings+		Studies						under review+												under review+											
Permit expiry																														<>	
Activities																															
Historical																															
AED assumes Operator																															
AED in administration																															
Purchase AED interest																															
Outlook																															
Assume Operatorship+																															
Work program variation											Pending +									Pending +											

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

+ subject to regulatory approval

Tassie Shoal Gas Processing Projects
(MEO 100%)

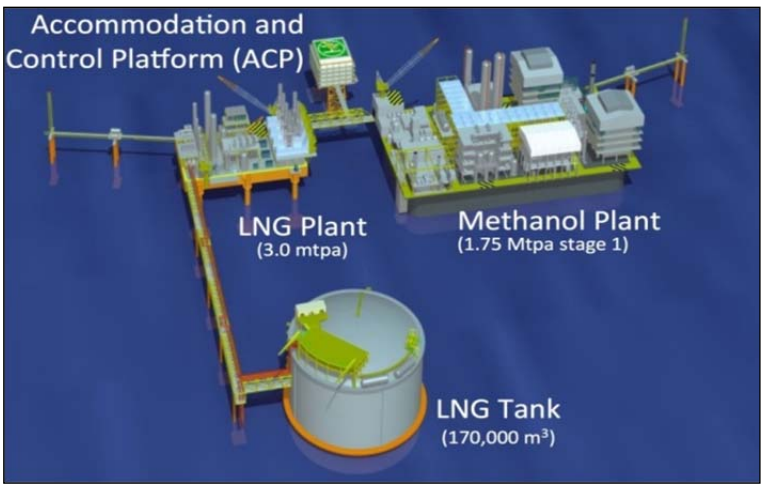

Figure 8. CAD schematic of Tassie Shoal Projects showing proposed LNG Plant, LNG Storage Tank and Phase 1 Methanol Plant.

During the quarter, MEO regained a 100% unencumbered interest in the Tassie Shoal Methanol Project by terminating the 2004 Joint Development Agreement and 2006 Amendment Agreement with Air Products and Chemicals Inc.

In consideration for terminating the agreements, MEO paid Air Products US$1 million cash. Contingent payments capped at US$6 million are payable out of any sale proceeds achieved by MEO. Air Products will receive the first US$1 million of any such proceeds (refer ASX release of 19th December 2011).

New Ventures

MEO continues to seek attractive opportunities to supplement its current acreage portfolio. Our primary focus is on South East Asia however we actively evaluate opportunities beyond this primary focus region using rigorous merit/risk and capability criteria.