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ASX & Media Release

Independent assessment of Marina discovery and Breakwater prospect

Key Points:

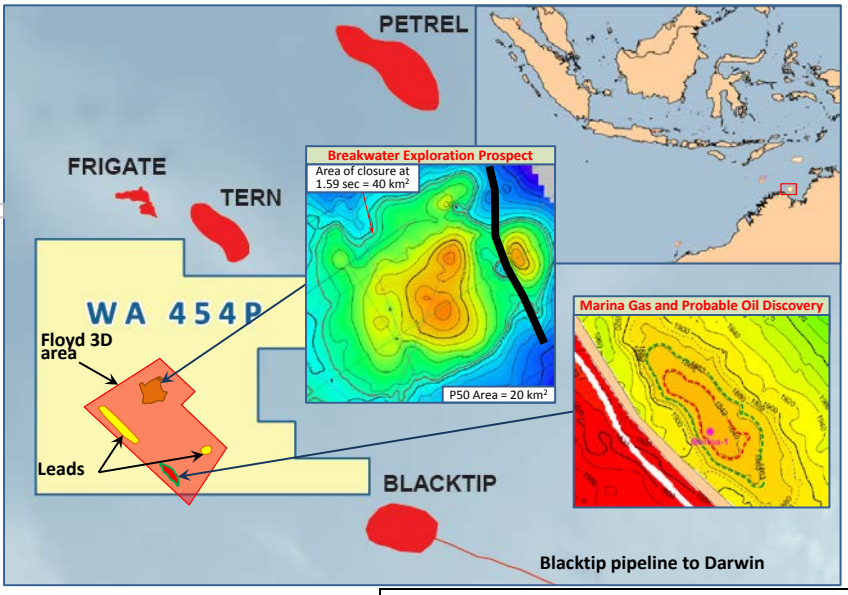
- Marina-1 discovery assessed to contain contingent hydrocarbon resources in five zones
  - contingent gas resources: 51 Bcf (1C), 98 Bcf (2C) and 302 Bcf (3C)
  - contingent oil and condensate resources: 6.5 Mmbbls (2C) and 29.5 Mmbbls (3C)
- Breakwater prospective resources assessed under gas only & mixed gas/oil scenarios
  - gas/condensate: 751 Bcf, 13 Mmbbls (Best); 2,798 Bcf, 87 Mmbls (High), 24% COS
  - mixed gas/oil: 636 Bcf & 52 Mmbls (Best); 2,391 Bcf & 276 Mmbls (high), 16% COS

MELBOURNE, AUSTRALIA (**29th February, 2012**)

MEO Australia Limited (ASX: **MEO**; OTC: **MEOAY**) is pleased to release the findings of an independent report by Senergy (GB) Limited ("Senergy"), commissioned by MEO to provide a preliminary volumetric assessment of the Marina-1 gas and liquids discovery and the Breakwater prospect in its 100% owned WA-454-P, in the Joseph Bonaparte Gulf, offshore Western Australia.

Background

MEO was awarded WA-454-P on 14th June 2011 as part of the 2010 gazettal round. The Permit contains the 2007 Marina-1 gas discovery, drilled by ExxonMobil and Drillsearch. On 14th January 2012, MEO awarded a contract to CGGVeritas to acquire the 601 km^2 Floyd 3D seismic survey over the Marina discovery, the Breakwater prospect and two additional leads. Concurrent with the 3D seismic acquisition, MEO commissioned Senergy to prepare an independent assessment of the Marina discovery and Breakwater prospect based on the existing 2D seismic and well log data.



Marina gas and probable oil discovery

Senergy concluded that Marina-1 contains contingent resources in up to 5 zones:

- Gas is considered "*proven*" in Zones 1, 2, 3 & 4, however only "possible" in Zone 5.
- While oil is not "*proven*", it is considered "*probable*" in Zone 1 and "*possible*" in Zone 2.
- Oil is also considered "*possible*" in Zone 4, however no volumes were assessed.

Senergy's assessment of the contingent resources in Marina is summarised below.

	Marina Contingent Recoverable Resources *		
	Low (1C)	Best (2C)	High (3C)
Gas (Bscf)	51	98	302
Oil & Condensate (MMstb)	0.4	6.5	29.5

* refer to Figure 1. Petroleum Resources Classification Framework

These resources are classified as "Contingent" since Marina is yet to be demonstrated to be commercial.

Breakwater Exploration Prospect

The Breakwater prospect is a large, 4 way dip closed structure with an Early Permian Keyling sandstone reservoir objective. The trap is interpreted to be the response to a salt swell structure originating in the late Permian to early Triassic, and is therefore analogous to Blacktip, Petrel and Tern which are also salt related structures. Breakwater has been mapped on existing 2D seismic. Senergy expects the newly acquired Floyd 3D survey will significantly reduce prospect risk.

Seismic amplitude brightening is observed at reservoir level on several lines with one bright zone extending from the structural crest to the southwest and another on the footwall block of the main fault. The edge of the strong amplitudes corresponds to the lowest closing contour, both on hanging and footwall blocks. This could be indicative of hydrocarbon presence and the planned new 3D data will be critical in further assessing the significance of this encouraging DHI effect.

The most likely hydrocarbon phase is uncertain at Breakwater and consequently two scenarios, a gas and oil and a gas only case, have been considered. The un-risked volumes for both are summarised below with their associated Chances of Geological Success (COS) risk factors.

	Breakwater Prospective Recoverable Resources *			
Scenario A: Gas and Oil	**Low**	**Best**	**High**	**COS**
Gas (Bscf)	**173**	**636**	**2,391**	**16%**
Oil (MMstb)	**8**	**41**	**201**	
Condensate(MMstb)	**1.1**	**11**	**75**	
Oil & Condensate (MMstb)	**9.1**	**52**	**276**	

* refer to Figure 1. Petroleum Resources Classification Framework

	Prospective Recoverable Resources *			
Scenario B: Gas only	**Low**	**Best**	**High**	**COS**
Gas (Bscf)	**205**	**751**	**2,798**	**24%**
Condensate (MMstb)	**1.4**	**13**	**87**	

* refer to Figure 1. Petroleum Resources Classification Framework

Possible commercialisation paths include a stand-alone development, or a tie-in to the existing Blacktip (957 Bscf) production facilities supplying domestic gas to the Northern Territory, or the proposed Floating Liquefied Natural Gas (FLNG) project under consideration to develop the Petrel (970 Bscf) and Tern (468 Bscf) gas fields, subject to mutually acceptable commercial terms.

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

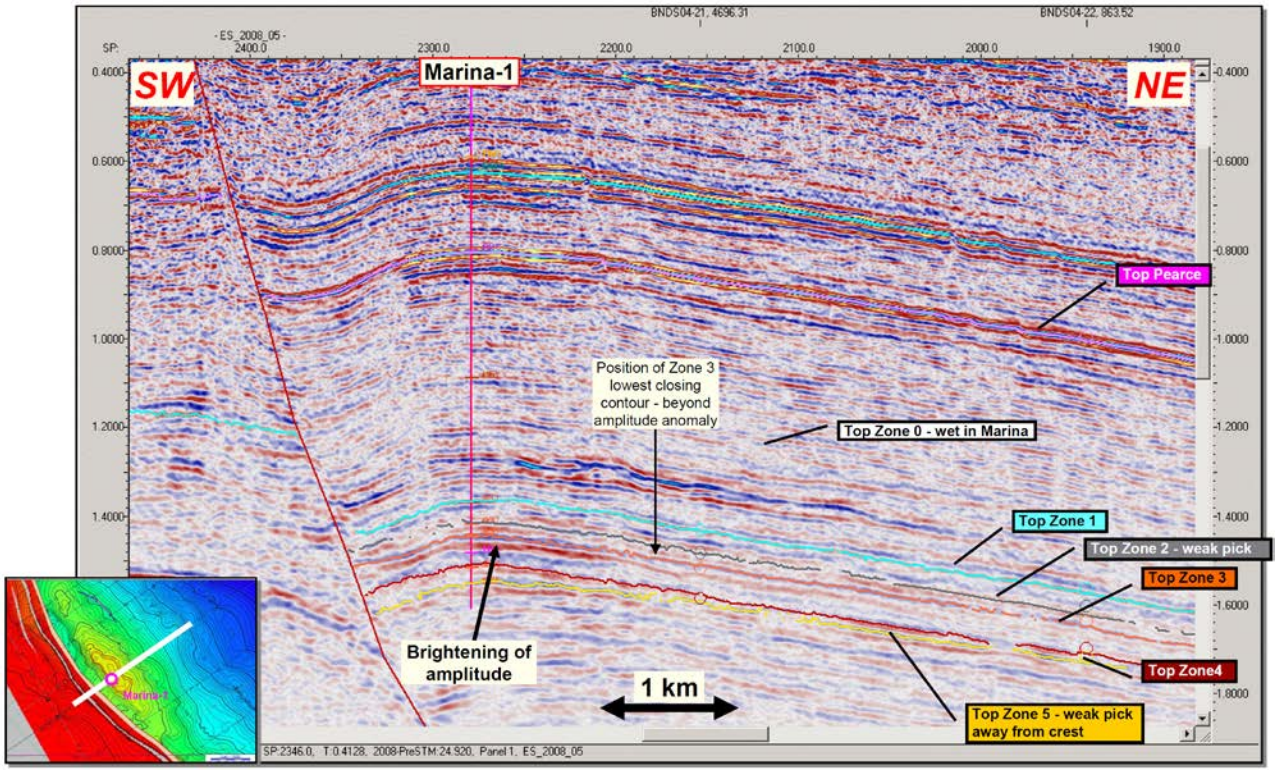
"The addition of contingent resources to our portfolio represents a key milestone in the evolution and growth of MEO. The probable occurrence of oil in the permit is particularly encouraging, especially given the size and potential of the Breakwater prospect under a mixed oil/gas scenario.

Since being awarded the permit in mid-2011, MEO has fast-tracked its technical evaluation including an independent resource assessment and accelerated 3D seismic program by two years. We are aiming to be in a position by year end to attract a funding partner to drill an appraisal well on Marina seeking to confirm oil and also test the potential of the Breakwater prospect."

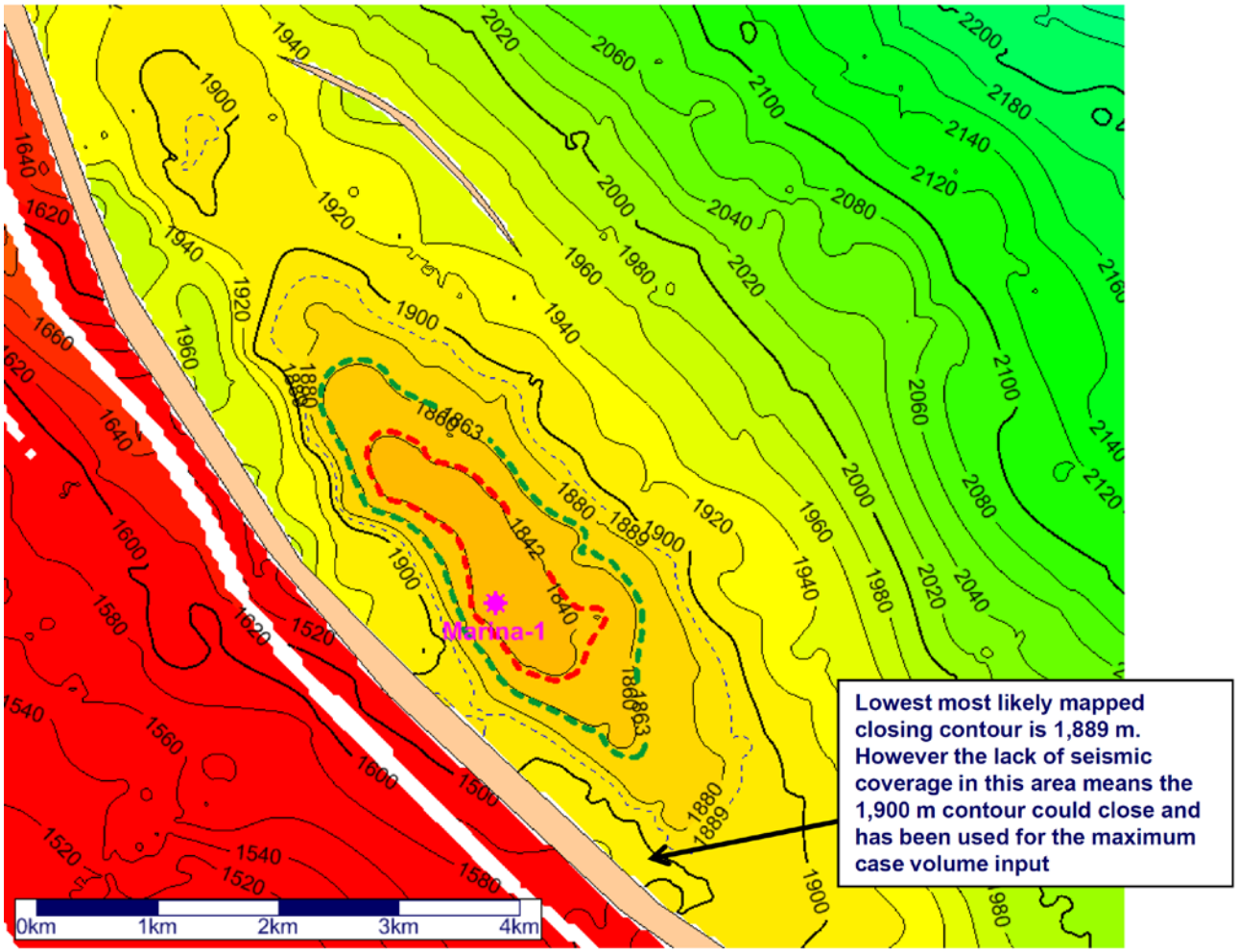
Jürgen Hendrich
Managing Director & Chief Executive Officer

Marina gas and probable oil discovery

NE-SW Seismic Line

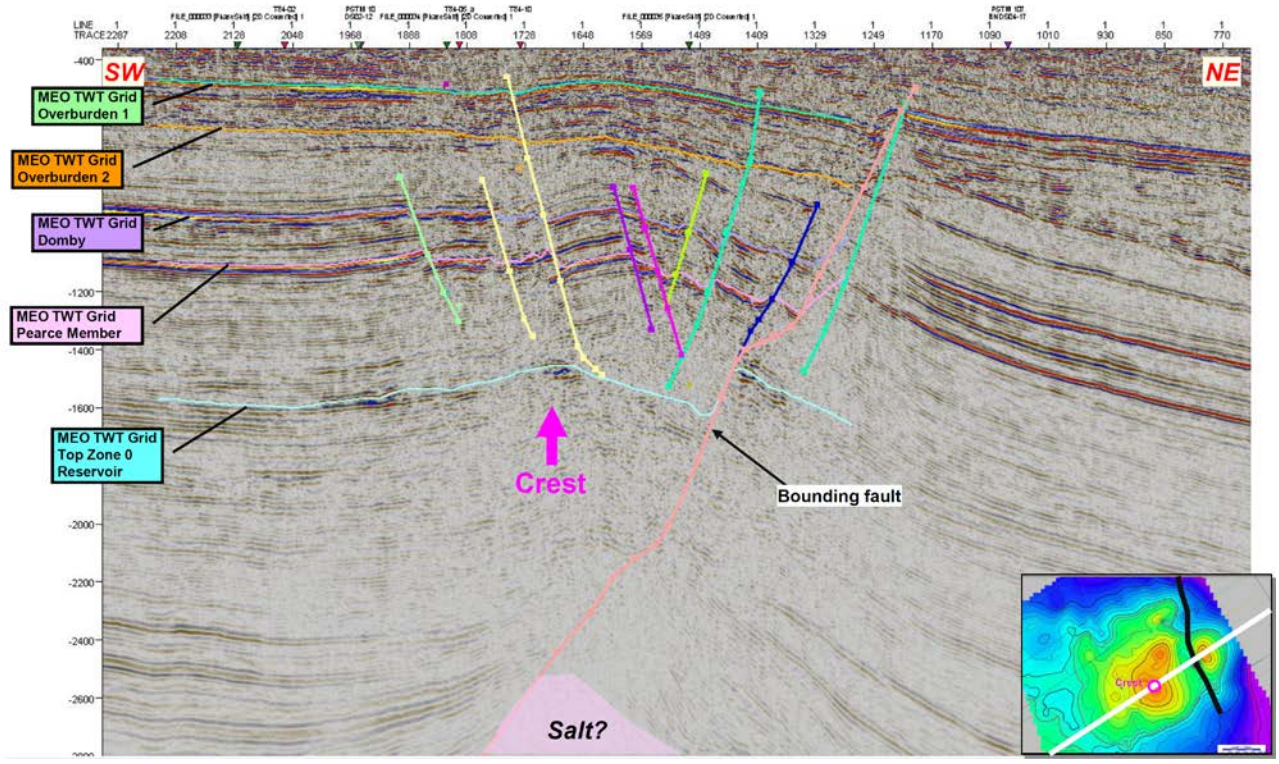


Senergy Depth Map (Top Zone 1)

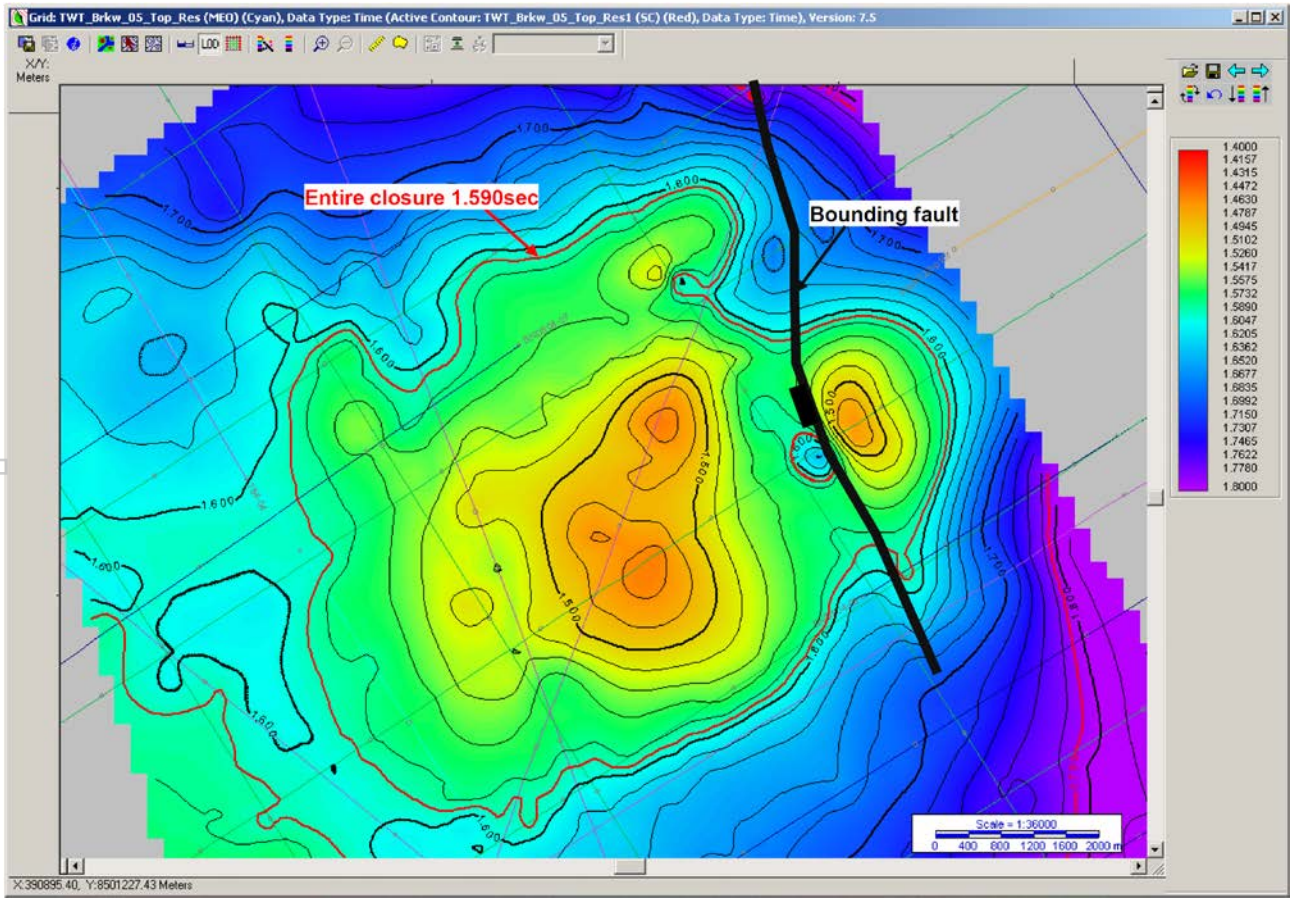


Breakwater exploration prospect

NE-SW Seismic Line



Two way time grid – top of reservoir



About Senergy and the report

About Senergy

Senergy (GB) Limited (Senergy) is a privately owned independent consulting company established in 1990, with offices in Aberdeen, London, Stavanger, Abu Dhabi, Perth and Kuala Lumpur. The company specialises in petroleum reservoir engineering, geology and geophysics and petroleum economics. All of these services are supplied under an accredited ISO9001 quality assurance system. Except for the provision of professional services on a fee basis, Senergy has no commercial arrangement with any person or company involved in the interest that is the subject of this report.

Senergy's Principal Commercial Consultant responsible for supervising this evaluation was Jim Scallon. He is a professional petroleum geologist with over 35 years of oil industry experience gained in major international companies and within Senergy.

For more information please see the Senergy website www.senergyworld.com

About the report

The report was prepared by Senergy at the request of MEO. Senergy was requested to provide an independent evaluation of the recoverable hydrocarbon resource potential of the Marina discovery and the Breakwater prospect within the permit. The report details the contingent and prospective resources attributable to these assets.

In conducting the review Senergy utilised information and interpretations supplied by MEO, comprising operator information and geological, geophysical, engineering and other data along with various technical reports. Senergy has had access to a reasonably comprehensive set of both raw and interpreted data. The interpreted data supplied included time and depth maps for the near top reservoir horizons, the results of well log petrophysical interpretations and pressure data analysis. Senergy reviewed the information provided and modified assumptions where they considered this to be appropriate.

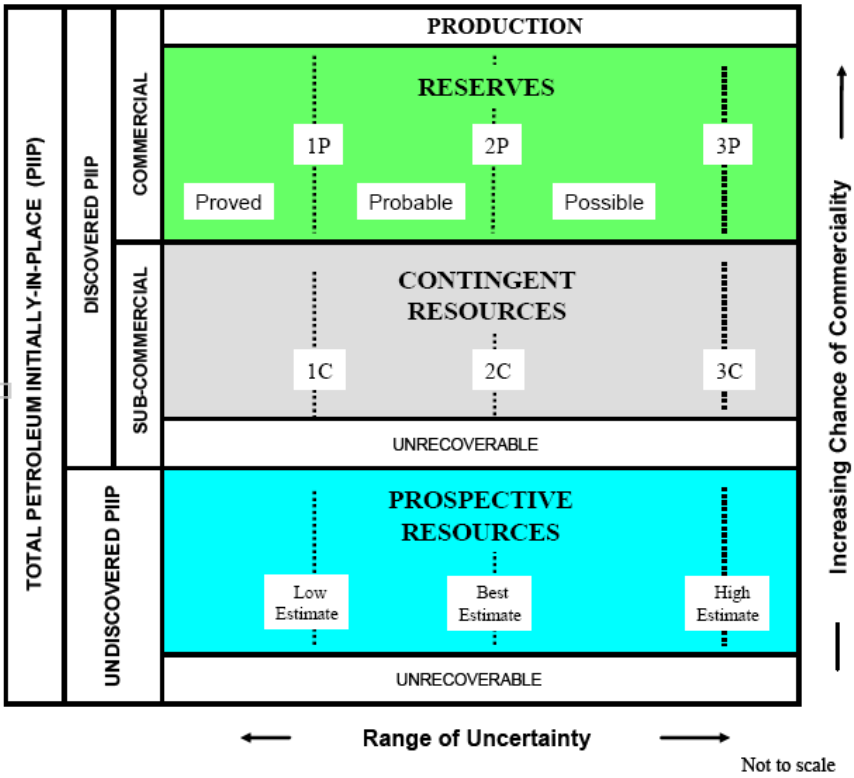


Figure 1. Petroleum Resources Classification Framework

Senergy has undertaken an independent petrophysical analysis and an independent interpretation of the seismic data and mapping. In addition probabilistic hydrocarbon in place (HIIP) estimates were prepared by Senergy using industry standard software.

In compiling the report Senergy used the definitions and guidelines set out in the 2007 Petroleum Resources Management System prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE).

Australia Permit WA-454-P Marina Discovery & Breakwater Prospect Resource Assessment

Conducted for

MEO Australia Limited

By

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Zuraidah

Simon Crombie

K11MEO003P

February 2012

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Quality Audit	Jennifer Ives
Release to Client	Jim Scallon
Date Released	28th February 2012

Senergy has made every effort to ensure that the interpretations, conclusions and recommendations presented herein are accurate and reliable in accordance with good industry practice and its own quality management procedures. Senergy does not, however, guarantee the correctness of any such interpretations and shall not be liable or responsible for any loss, costs, damages or expenses incurred or sustained by anyone resulting from any interpretation or recommendation made by any of its officers, agents or employees.

The Directors
MEO Australia Limited
Level 23, 500 Collins St.,
Melbourne,
Victoria 3000,
Australia

28th February 2012

Dear Sirs,

In accordance with the instructions of MEO Australia Limited (MEO or "the Company"), Senergy (GB) Limited (Senergy) has reviewed certain assets currently held by the Company in the permit WA-454-P offshore Western Australia. The assets evaluated comprise a gas and probable oil discovery and a potentially large exploration prospect.

We were requested to provide an independent evaluation of the recoverable hydrocarbons categorised in accordance with the 2007 Petroleum Resources Management System prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE).

Recoverable volumes are expressed as gross and net technical prospective resources. Gross resources are defined as the total estimated petroleum to be produced in the event of exploration success. Net resources are defined as that portion of the gross resources attributable to the interests owned by the Company.

Standard geological and engineering techniques accepted by the petroleum industry were used in estimating recoverable hydrocarbons. These techniques rely on engineering and geo-scientific interpretation and judgement; hence the resources included in this evaluation are estimates only and should not be construed to be exact quantities. It should be recognised that such estimates of hydrocarbon resources may increase or decrease in future if there are changes to the technical interpretation, economic criteria or regulatory requirements. As far as Senergy is aware there are no special factors that would affect the operation of the assets and which would require additional information for their proper appraisal.

The content of this report and our estimates of resources are based on data provided to us by the Company. Senergy confirm that to our knowledge there has been no material change of circumstances or available information since the report was compiled.

We acknowledge that this report may be included in its entirety, or portions of this report summarised, in documents prepared by the Company and its advisers in connection with commercial or financial activities and that such documents, together with this report, may be filed with any stock exchange and other regulatory body and may be published electronically on websites accessible by the public, including a website of the Company.

Executive Summary

This report comprises an independent evaluation of the potential recoverable hydrocarbon contingent resources in the Marina gas and probable oil discovery, and the prospective resources in the large undrilled Breakwater prospect. Both assets are located in the MEO Australia Limited (MEO) permit WA-454-P in the Petrel Sub-Basin, offshore Western Australia, in which MEO hold a 100% working interest. An assessment of conceptual development scenarios and economic evaluation for Marina and Breakwater was outside the scope of this study.

Marina and Breakwater are currently mapped on a limited 2D seismic grid, but a new 3D seismic survey has recently been acquired. It is anticipated that the new data will significantly reduce uncertainty and risk for both opportunities, and consequently the current interpretation should be viewed as an interim assessment.

Senergy has reviewed the existing interpretation of the Marina discovery and the Breakwater prospect, and where necessary has undertaken independent evaluation of critical aspects of the interpretation. The report only deals with these two assets and does not consider other prospectivity in the Permit.

Regional Setting

The Petrel sub-basin is an asymmetric, northwest trending Paleozoic rift of the Bonaparte Basin that contains a thick Paleozoic sequence and thinner Mesozoic sediments. The Paleozoic sequence includes a proven Carboniferous oil and gas prone petroleum system and a gas prone Permian Petroleum system.

The Marina discovery and Breakwater prospect both have Permian Keyling reservoir targets. The closest proven hydrocarbon accumulations to the permit are the Tern gas field (468 Bscf gas and 5.7 MMbbls condensate) to the north, the Petrel gas field (970 Bscf gas and 5.9 MMbbls condensate) to the northeast, and Blacktip gas field (957 Bscf) to the southeast.

Contingent Resources: Marina Un-developed Discovery

The contingent resource of the Marina discovery has been assessed by Senergy. The un-risked contingent resource volumes net to MEO as of 1st January 2012 are summarised in the table below. These are the summed best estimate volumes for each of the reservoir zones:

Contingent Resources Net to MEO[1]			
	Low (1C)[2]	Best (2C)[2]	High (3C)[2]
Gas (Bscf)	51	98	302
Oil (MMstb)		5	22
Condensate (MMstb)	0.4	1.5	7.5
Total Liquids (MMstb)	0.4	6.5	29.5

[1] Resources are potentially recoverable volumes (see Section 6 & Appendix 4). The amounts net attributable to MEO are the same as the amounts gross on the permit because MEO holds 100% of the permit..

[2] The quoted Low, Best and High values are based on the 90% probability (P_{90}), Mean and 10% probability (P_{10}) respectively derived from probabilistic estimates of the HIIP size distribution generated using a "Monte Carlo" statistical approach. Predicted recovery factors are then applied deterministically to estimate recoverable resources.

The project is currently at an evaluation stage and new 3D seismic data is being acquired in order to reduce structural uncertainty. The Marina discovery is not yet considered mature enough for commercial development due to one or more contingencies.

The Marina 1 well was not adequately tested and this combined with the well log analysis data limitations means that we only recognise proven gas resources with the presence of oil being probable in Zone 1 and possible in Zone 2. It is also possible that Zone 4 could include an oil leg below the gas down to (GDT) level in the well, although volumes were not calculated for this scenario.

Prospective Resources: Breakwater Exploration Prospect

The prospective resource potential of the Breakwater exploration prospect has been reviewed by Senergy and the un-risked potential volumes net to MEO, as of 1st January 2012, are summarised in the tables below. Two separate scenarios are considered because of the hydrocarbon phase uncertainty: a mixed phase gas and oil leg case, and a gas only case. Condensate volumes are indicated for both scenarios. It should be noted that these are separate cases and the volumes indicated for each case should not be summed.

Un-Risked Prospective Resources Net[1] to MEO (MMstb)				
Scenario A: Gas & Oil	**Low[2]**	**Best[2]**	**High[2]**	**Risk Factor or COS[3]**
Gas (Bscf)	173	636	2,391	16%
Oil (MMstb)	8	41	201	16%
Condensate (MMstb)	1.1	11	75	
Total Liquids (MMstb)	9.1	52	276	

The recoverable volumes reported in the summary tables are net to MEO and reflect the potential volume within the permit.

Un-Risked Prospective Resources Net[1] to MEO (MMstb)				
Scenario B: Gas	**Low[2]**	**Best[2]**	**High[2]**	**Risk Factor or COS**
Gas (Bscf)	205	751	2798	24%
Condensate (MMstb)	1.4	13	87	24%
Total Liquids (MMstb)	1.4	13	87	

The Breakwater prospect is a large and prominent structure and there is significant potential for the forward work programme to materially reduce risk associated with trap integrity and the predicted hydrocarbon phase.

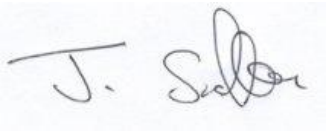
[3] The risk factor or chance of geological success (COS) for an exploration prospect is usually the product of four prospect elements; trap, reservoir, seal integrity and charge.

Professional Qualifications

Senergy (GB) Limited (Senergy) is a privately owned independent consulting company established in 1990, with offices in Aberdeen, London, Stavanger, Abu Dhabi, Perth and Kuala Lumpur (Appendix 5). The company specialises in petroleum reservoir engineering, geology and geophysics and petroleum economics. All of these services are supplied under an accredited ISO9001 quality assurance system. Except for the provision of professional services on a fee basis, Senergy has no commercial arrangement with any person or company involved in the interest that is the subject of this report.

Jim Scallon is a Principal Commercial Consultant with Senergy and was responsible for supervising this evaluation. He is a professional petroleum geologist with over 35 years of oil industry experience gained in major international companies and within Senergy.

Yours faithfully,



Jim Scallon

Principal Commercial Geoscience Consultant

For and on behalf of Senergy (GB) Limited