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ASX RELEASE

HERON-2 WELL UPDATE

MELBOURNE, AUSTRALIA (January 4, 2008) -- MEO Australia Limited (ASX: MEO) advises the market that the Heron-2 well has commenced flowing from the gas charged zone of the Heron North Elang/Plover formation. The well flowed gas to surface and is currently undergoing a prolonged clean-up period to clear the drilling fluids from the wellbore and formation.

While drilling the formation, the well experienced significant losses of synthetic based mud (1180 bbls). The formation in proximity to the wellbore was further impaired by the subsequent LCM (loss circulation material) treatment, which effectively inhibited much of the formation's permeability. The clean-up is required to sample gas and obtain gas flow data in order to make the best estimate of reservoir potential given the possible impact to the formation from the drilling fluids.

The well was shut-in today at approximately 2.30 pm (EST) as the tropical low pressure system located in the Joseph Bonaparte Gulf formed into a category 1 cyclone (Cyclone Helen). The cyclone is within the 500 km radius of the rig, which necessitates the mandatory securing of the rig prior to de-manning.

The cyclone is forecast to move eastward over the weekend across the Northern Territory south of Darwin and is expected to weaken to a tropical low. The rig will re-commence operations upon this reclassification and proceed with the production testing of Heron North.

MEO Australia has entered into a trading halt commencing 10 am today due to these uncertainties. A detailed release will be made before trading recommences at 10 am on January 8, 2008 to allow a more extensive disclosure of the Heron-2 well activities.

C.R. Hart
Managing Director

Forecast track of Tropical Cyclone Helen

