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ASX AND MEDIA RELEASE

INITIAL 3D SEISMIC INTERPRETATION SIGNIFICANTLY UPGRADES HERON NORTH AND SOUTH STRUCTURES

Key Points:

- **Flat event evident on 3D seismic across the Heron North and South structures interpreted as possible Direct Hydrocarbon Indicator (DHI)**
- **Flat event correlates with the spill point of the Heron North and South structures.**
- **Estimated maximum gas column height (measured from the flat event to the mapped top of the Elang/Plover reservoir) has more than doubled to over 350m**
- **Review of Heron-1 well logs confirms a gas charged sand at Total Depth (TD) correlates with the mapped top of the Elang/Plover reservoir**
- **Preliminary P50 gas-in-place estimates for the Heron North and South structures increases by 65% to 5.5 Tcf**
- **Combined Epenarra and Heron estimated mean Contingent Resource exceeds 11 Tcf GIP**

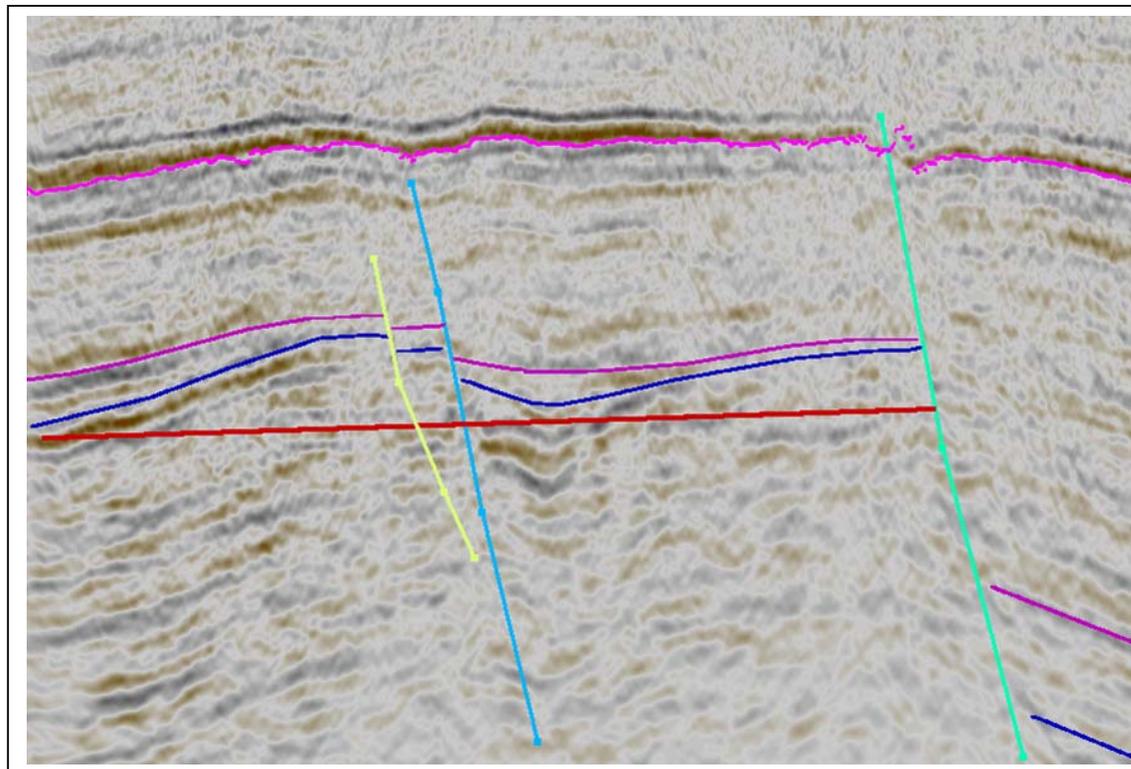
MELBOURNE, AUSTRALIA (March 1, 2007) -- MEO Australia Limited (ASX: MEO) advises that preliminary interpretation of the Heron North and Heron South structures (conventional Elang/Plover sandstone targets) utilizing the newly acquired 3D seismic data has significantly improved the mapping and delineation of these prospects and has materially upgraded their prospectivity.

The revised mapping indicates structural continuity between the Heron North and South prospects which are mapped closures at the conventional Elang/Plover sandstone level – the primary play type in this part of the Bonaparte Basin. A flat event is evident on the 3D seismic within the Elang/Plover Formation and is interpreted as a possible DHI or Direct Hydrocarbon Indicator, typical of a Gas-Water-Contact (GWC). This location implies a much deeper GWC and therefore a substantially thicker gas column than previously mapped. As a result, the potential gas-in-place (GIP) Contingent Resource estimate for the combined Heron North and South structures has increased by 65% to 5.5 Tcf (P50).

The 3D seismic has substantially increased the Company's confidence that the Heron North and South structures have the potential to contain substantial gas resources capable of underpinning or supplementing the gas supply for the Company's approved LNG and/or

methanol projects, subject to confirmation of gas quality and reservoir productivity by appraisal drilling planned to commence in September 2007.

3D seismic line illustrating interpreted DHI flat event denoted by red line (Top Elang reservoir: blue horizon)



The Heron-1 well drilled by ARCO in 1972 intersected a 50m gas bearing column in the Darwin Formation (a fractured carbonate reservoir) within the 1,200 km² mapped closure of the large Epenarra structure. The estimated mean Contingent Resource for Epenarra is 5.6 Tcf. This structure occurs approximately 1,000m above the conventional Elang/Plover sandstone targets, Heron North and South, at this well location.

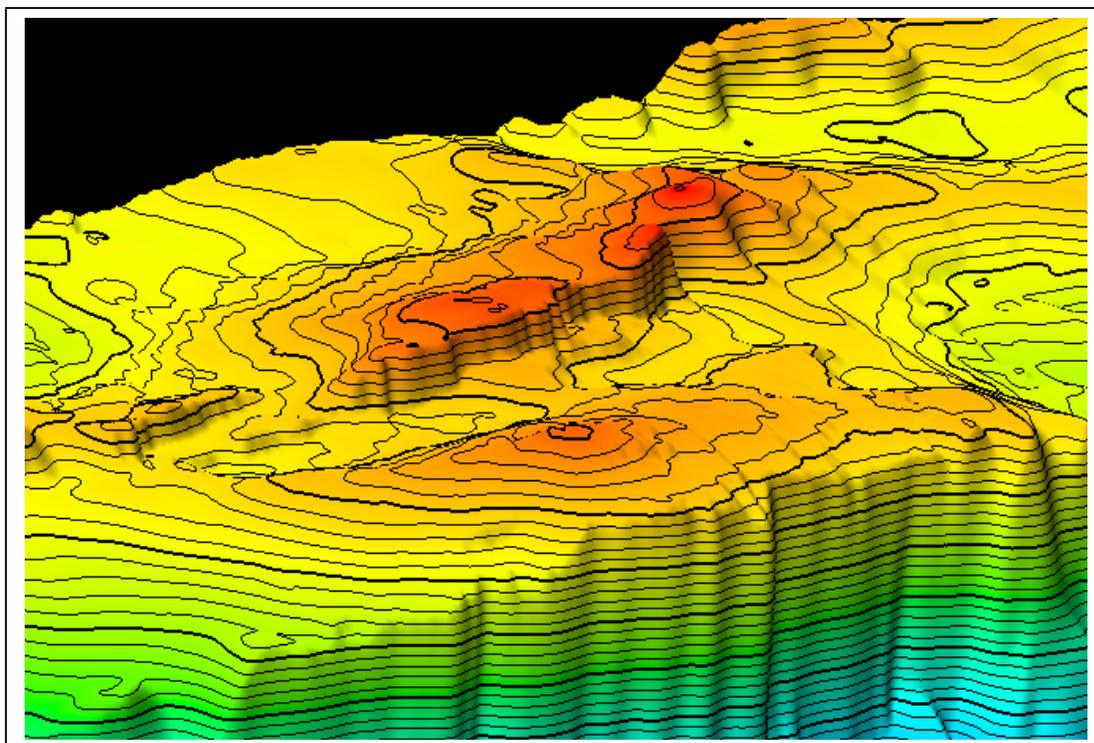
The Company recently announced the results of independent gas quality studies for the Epenarra structure conducted by CSIRO Petroleum. These studies sampled the actual gas inclusions preserved in rock cuttings obtained while drilling Heron-1 through the 50m gas bearing zone of the Darwin Formation within the Epenarra structure.

The CSIRO study indicated that the hydrocarbon inventory in the Epenarra structure would most likely have a high condensate gas ratio (CGR) (>100bbls/MMscf) and contain low levels of carbon dioxide (1% to 3%). ***The results provide the best pre-drill indication that the low CO₂ gas in the Epenarra structure could be suitable for LNG production.***

The Heron-1 well also intersected a gas bearing sand at total depth that was previously interpreted to be an inter-bedded sand low in the Flamingo Formation. It was considered that Heron-1 never reached the underlying Elang/Plover Formation – the primary objective of the well. The 3D seismic indicates that this gas bearing sand at total depth now correlates with

the re-mapped top of the Elang/Plover Formation that is now within mapped closure of the Heron structures.

Top Elang horizon at Heron North and Heron South



It is now interpreted that the Heron-1 well has confirmed gas at two horizons:

1. The Darwin Formation in a structure known as Epenarra, and
2. The Elang/Plover Formation in two structures known as Heron North and Heron South. These two structures were previously considered discrete and are now interpreted to be connected.

Based on the positive results of the recent fluid inclusion and microprobe studies by CSIRO Petroleum, the Company has initiated further hydrocarbon inclusion and microprobe studies of the bottom hole core samples of the Heron-1 well to determine the likely gas quality of the deeper Elang/Plover Formation. These results will be compared with similar samples of the Elang/Plover Formation in the adjoining Evans Shoal structure – which contains relatively dry gas, high in CO₂. The objective of these studies is to determine whether the CO₂ content of the Heron Prospects differs from Evans Shoal gas field.

If the high CO₂ evident at Evans Shoal extends to the Heron North and South structures, the Company could potentially have its own gas feedstock for the approved methanol plants. A substantially lower CO₂ content could supplement the low CO₂ gas interpreted in the Darwin Formation which would make an ideal feedstock for the Company's approved LNG project.

Pre-stack depth migration (PSDM) processing of the newly acquired 3D seismic is on schedule with delivery of the final volume due early April, 2007. The primary objective of

the 3D seismic acquisition and the PSDM is to enable accurate fault and fracture distribution mapping of the 50m fractured carbonate reservoir of Epenarra to determine the optimum location for appraisal wells. Given the positive findings associated with the Heron prospects using the time migrated 3D data, it is now likely that the first well will target both the Epenarra and deeper Heron structures. MEO has contracted the West Atlas jack-up rig to drill up to three wells in NT/P68.

A handwritten signature in black ink, appearing to read 'C.R. Hart', with a horizontal line extending to the right from the end of the signature.

C.R. Hart
Managing Director
March 1, 2007



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MEDIA RELEASE **FOR ASX RELEASE** **MARCH 1, 2007**

SIGNIFICANT INCREASE IN POTENTIAL GAS RESOURCES

MEO Australia Limited has announced that initial interpretation of the new 3D seismic has further increased the estimates of potential gas resources in its wholly owned permit, NT/P68. This increase relates to better definition of the conventional Elang/Plover Formation plays - Heron North and Heron South.

The Managing Director of MEO Australia Limited, Chris Hart said “this was an extremely positive finding as the combined Heron North and South prospects’ potential mean (P50) gas in place resource had increased by approximately 65% from 3.3 Tcf to 5.5 Tcf.”

Mr. Hart said “MEO now regards that the Heron 1 well was not only a discovery of hydrocarbons in the Darwin Formation (Epenarra), but also the deeper Elang/Plover Formation prospects (Heron North and Heron South).”

“Given the advanced stage of planning with our secured Commonwealth environmental approvals for the company’s gas conversion projects, the Timor Sea LNG and the Tassie Shoal Methanol projects, the company has extraordinary versatility to commercialise gas from different reservoirs with a range of gas qualities, including varying carbon dioxide levels in the gas.”

MEO appraisal drilling will commence in September 2007. Mr. Hart said “it was now likely that the first well would target both Epenarra and Heron North. The second well would target the Plover Formation in the Blackwood prospect.”

MEO has contracted the West Atlas jack-up rig to drill up to three wells in NT/P68.

KEY POINTS OF ASX Release

- *Flat event evident on 3D seismic across the Heron North and South structures, interpreted as possible Direct Hydrocarbon Indicator (DHI).*

What does this mean?

Good quality seismic data can in certain circumstances provide a clear response indicative of hydrocarbons. One such response is a flat event. This is often interpreted as the gas water contact, or the bottom of the potential gas column.

What are the implications?

The newly acquired 3D data has improved the imaging of the deeper horizon for the Heron North and South structures. A recurring flat event has been observed on the new data which is consistent with the structural mapping and the gas observed at the bottom of the Heron-1 well. This finding helps to increase the confidence in finding gas.

- **Flat event correlates with the spill point of the Heron North and South Structures.**

What does this mean?

Each structural closure will have a spill point where the trapped hydrocarbons would leak if the charge exceeds the volume of the trap.

What are the implications?

A DHI should be expected to correlate closely to the spill point if the structure is completely filled with hydrocarbons. If this DHI is valid, it means that both Heron structures are completely charged with hydrocarbons.

- **Estimated maximum gas column height (measured from the flat event to the mapped top of the Elang/Plover reservoir) has more than doubled to over 350 metres.**

What does this mean?

The gas column is the vertical extent of the gas accumulation.

What are the implications?

The significant increase in height means the potential reservoir may contain more gas. The Heron structures are now believed to contain approximately 65% more gas than previously estimated using the older 2D data.

- **Review of Heron-1 well logs confirms gas charged sand at Total Depth (TD) which correlates with the mapped top of the Elang/Plover Reservoir.**

What does this mean?

A gas accumulation was probably discovered at the bottom of the Heron-1 well, drilled in 1972.

What are the implications?

Interpretation of the 3D data indicates that the gas may be the top of the potential reservoir for the Heron structures. Effectively, gas may have been confirmed by the Heron-1 well.

- **Preliminary P50 gas-in-place estimates for the Heron North South structures increases by 65% to 5.5 Tcf.**

What does this mean?

The potential gas in place resource in the combined Heron structures may be significantly larger.

What are the implications?

Substantially greater recoverable gas would support larger projects and/or a longer production life.

Key differences between interpretation of 2D & 3D seismic

Observation	2D seismic	3D seismic	Remarks
Probable gas discovery - 2 horizons Direct Hydrocarbon Indicator Maximum gas column height Heron Nth/Sth continuity GIP mean Contingent Resource for Heron Prospects	Darwin Fm None observed 170m Discrete 3.3 TCF	Darwin & Elang/Plover Fm's Flat Event Evident >350m Connected 5.5 TCF	Better definition of Elang/Plover Possible Gas-Water-Contact (GWC) Lower GWC and gas in Heron-1 well Saddle between structures, lower GWC 65% increase