

## ASX AND MEDIA RELEASE

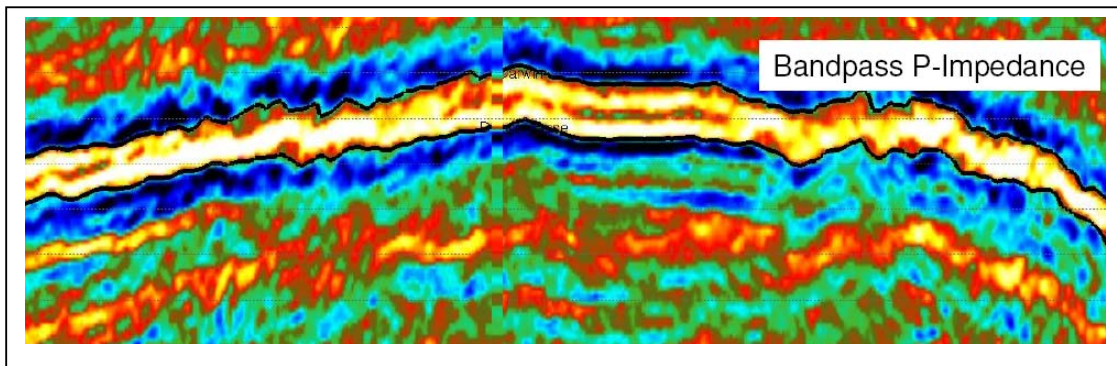
### RESERVOIR CHARACTERIZATION STUDY RESULTS AND WELL ACTIVITY

#### Key Points:

- **Fugro reservoir characterization study results confirm target zones for wells**
- **JRS Petroleum Research completes regional stress studies**
- **Site survey over well locations for 2007 drilling campaign underway**
- **MEO office moves to a new floor**

MELBOURNE, AUSTRALIA (May 28, 2007) -- MEO Australia Limited (ASX: MEO) advises that Fugro Jason Australia has completed the NT/P68 reservoir characterization studies utilizing Heron-1 well data and the new 3D seismic over Epenarra.

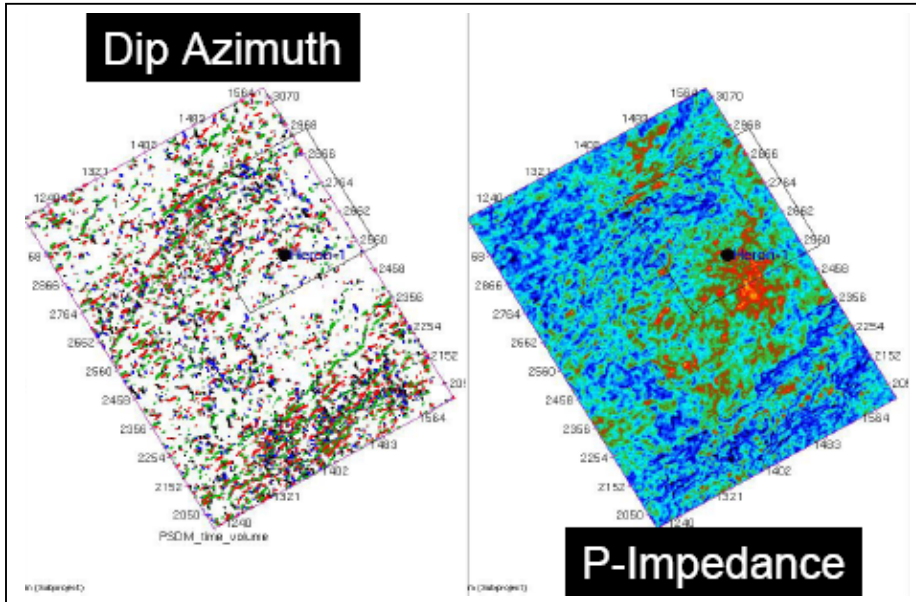
Fugro integrated all available data into a single model through a pre-stack inversion process to enhance understanding of the Epenarra gas bearing reservoir within the Darwin Formation so that zones of increased porosity/permeability and fracture density could be identified, with sweet spots targeted by the planned drilling program (the yellow zones in the image below shows the Epenarra target reservoir).



The study demonstrated that areas of low impedance (the blue/green zones on the P-Impedance map on page 2 below) were likely to correlate with better reservoir quality. Additionally, the study identified zones of increased fracture density and the orientation of the open fracture sets (shown in the Dip Azimuth map on page 2 below).

This mapping has been used to determine the optimum location for the appraisal wells, to be drilled later in the year. Fugro Surveys Pty Ltd is currently working offshore in NT/P68 acquiring geophysical data (bathymetry, side scan sonar and shallow seismic) over each of the identified well locations. The survey is expected to be completed in the middle of this week

and will then be followed by a shallow coring program to sample the subsoil at each well location. The wells are located in seawater depths between 35 and 70 metres. The surveys are required when using a jack-up drilling rig to confirm the seafloor stability and confirm that the jack-up rig legs will not penetrate too far into the seafloor while operating.



The Company also appointed JRS Petroleum Research to conduct geomechanical evaluations to establish the regional tectonic stress regimes within the permit and to develop fracture susceptibility modeling for the Darwin Formation. The first phase of this study has been completed and the fracture orientation findings closely correlate with the Fugro inversion study results.

The Company continues to progress its negotiations with a number of parties wishing to farm-in to the permit, and participate in the Timor Sea LNG and Tassie Shoal Methanol Projects. At this time the Company only plans to divest of minority percentage interest and is focusing on the development of key strategic alliances where any new participant(s) would add significant future value, especially during the development and operating phases of the projects following confirmation of commercial gas reserves.

The Company also wishes to advise shareholders that it has moved location from Level 25 to Level 17 at 500 Collins Street. Given the significant increase in activity relating to the upcoming drilling campaign, increased office space was required. 500 Collins Street is currently being completely refurbished and is one of the few Melbourne office buildings that has obtained a five star energy and environmental rating.

**C.R. Hart**  
 Managing Director  
 28 May 2007