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ASX RELEASE

HERON-2 WELL UPDATE

DECISION TO PRODUCTION TEST HERON NORTH PLOVER RESERVOIR

MELBOURNE, AUSTRALIA (December 28, 2007) -- MEO Australia Limited (ASX: MEO) advises the market that the Company has today approved production testing of the gas charged zones of the Heron North Elang/Plover formation reservoir in the Heron-2 well.

The participants in the Heron-2 well are:

TSP Arafura Petroleum Pty Ltd (MEO subsidiary)	45%
Oz-Exoil Pty Ltd (MEO subsidiary)	45%
Petrofac Energy Developments Oceania Ltd (Petrofac Limited subsidiary)	10%

Higher bottom hole temperatures did not allow logging while drilling through the Elang/Plover formation. At a drilled depth of 4182m, the drill string was pulled from the borehole and a separate high temperature logging suite was acquired through the Elang/Plover formation. Preliminary petrophysical analysis has confirmed that 202m of Plover formation gross section has been drilled to date with approximately 164m of gross sandstone.

Initial results of the drilling and logging in the Plover formation indicate:

- Upper Plover formation sandstone unit observed from 3980m to 4081m;
- Middle Plover formation appearing to be a siltstone unit: 4081m – 4119m;
- Lower Plover formation sandstone unit observed from 4119m to 4182m (current TD of well);
- Gross Plover formation sandstone interval of 164m;
- Based on preliminary log interpretation, these sandstones appear to be gas charged;
- Initial mud log indications while drilling suggest wet gas;
- No carbon dioxide was recorded by mud gas detection systems while drilling;
- Primary porosity generally ranging between 5% and 10%;
- A number of prominent fracture systems appear to be present in the sandstone units (corresponding to lost circulation zones), which would be expected to enhance permeability and produce-ability of any gas.

While the prognosed gas-water-contact (GWC) and mapped structural spill point (4260m) has not yet been reached in Heron-2, the Company is conducting a barefoot production test of the

Plover formation to determine indicative gas quality and reservoir productivity, thereby confirming that a recoverable resource is present. Testing of this zone is expected to be undertaken in the week commencing December 31, 2007.



C.R. Hart
Managing Director

West Atlas on Heron-2 location preparing to production test Heron North Plover Formation

