MEO Australia Limited
ABN 43 066 447 952

Level 23
500 Collins Street
Melbourne Victoria 3000
Australia

Tel: +61 3 8625 6000
Fax: +61 3 9614 0660
Email: admin@meoaustralia.com.au
Website: www.meoaustralia.com.au

ASX & Media Release

Heron South-1 Progress Report No. 18

Key Points:

- DST#2 flowed gas to surface
- Gas analysis indicates CO_2 content approximately 25%
- Currently preparing to commence plugging and abandonment of well

MELBOURNE, AUSTRALIA (**6th December, 2012**)

MEO Australia Limited (ASX: **MEO**; OTCQX: **MEOAY**) provides the following update in relation to Heron South-1 being drilled in NT/P68, operated by Eni Australia Ltd (Eni).

Since the last report the second of the two planned production test programs has been run.

Drill Stem Test (DST) #2 flowed gas to surface. Gas composition analysed by chromatograph is approximately 25% CO_2. The information from both DST's together with the observations made whilst drilling the well will be reviewed to determine the forward plans for the Heron area.

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

"Heron South-1 has confirmed the presence of gas in the Elang Plover reservoir significantly deeper than MEO's pre-drill expectations and discovered gas in the Frigate formation above the main objective.

The low flow rates observed during production testing indicates low primary reservoir permeability and the absence of secondary permeability (due to natural fractures) at the well location. MEO's technical assessment predicts the possibility of natural fracturing at several locations in the Greater Heron structure which may provide the potential for areas of improved reservoir productivity.

Our focus will move to the integration of the well results to remap and update the resource assessment. There is clearly a significant in-place gas resource at Heron. The key question to be addressed in the review is whether the reservoir is capable of higher productivity anywhere on the structure."

Jürgen Hendrich
Managing Director & Chief Executive Officer