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ASX AND MEDIA RELEASE

CSIRO GAS QUALITY STUDIES POSITIVE FOR PROPOSED TIMOR SEA LNG PROJECT

Key Points:

- **Studies confirm high (~100 bbls/Mmscf) condensate gas ratios (CGR's) within the Epenarra Structure intersected by Heron-1**
- **Analysis of cuttings estimate most likely CO₂ content at between 1% and 3%**

MELBOURNE, AUSTRALIA (February 19, 2007) -- MEO Australia Limited (ASX: MEO) advises that independent studies into the likely gas quality within the Epenarra structure managed by IPSA Consulting and conducted by CSIRO Petroleum have been completed. These studies sampled the actual gas inclusions preserved in rock cuttings obtained while drilling Heron-1 (1972) through the 50m gas bearing zone of the Epenarra structure in the Company's 100% owned exploration permit, NT/P68. The results provide the best pre-drill indication that gas in the Epenarra structure could be suitable for LNG production.

Quantitative Grain Fluorescence on Extract (QGF-E), Total Scanning Fluorescence (TSF), and Raman laser microprobe analysis of the fluid inclusions indicate that the 50m gas-bearing interval is saturated with hydrocarbons and that the hydrocarbon phase is condensate. Mass-balance calculations derived from the CSIRO study by IPSA Consulting indicate that the hydrocarbon inventory in the Epenarra structure will most likely have a high (~100bbls/MMscf) condensate gas ratio (CGR). The TSF signature of the QGF-E extracts is comparable to known condensate reservoirs. The microprobe analysis combined with petrographic studies determined the level of carbon dioxide (CO₂) in the hydrocarbons to be very low (1% to 3%).

These findings corroborate the findings of previous studies (refer ASX Release, September 4, 2006) which modeled the most probable gas quality in the event that the Epenarra structure received its hydrocarbon charge largely from the underlying optimum source rock; the Echuca Shoals Formation, with possible minor contribution from the Plover Formation. However, the precise gas quality and well deliverability can only be confirmed by the Heron-2 appraisal well, which is scheduled to commence drilling in September 2007.

Pre-stack depth migration processing of the newly acquired 3D seismic over the Epenarra structure is on schedule with delivery of the final volume due early April, 2007. This additional processing will enable accurate fault and fracture distribution mapping of the 50m

fractured carbonate reservoir to determine the optimum location for appraisal wells. MEO has contracted the West Atlas jack-up rig to drill up to three wells in NT/P68.

On January 29, 2007, the Australian Federal Government granted Major Project Facilitation status to MEO's Timor Sea LNG Project, which is planned to be located a few kilometers east of NT/P68, on Tassie Shoal. MEO has previously secured Commonwealth environmental approvals for this project in May 2004.



C.R. Hart
Managing Director
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3D image of the proposed Timor Sea LNG Project in the shallow waters of Tassie Shoal

