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ASX AND MEDIA RELEASE

PLACEMENT OF 50M SHARES

MELBOURNE, AUSTRALIA (December 12, 2007) -- MEO Australia Limited (ASX: MEO) is pleased to advise that during the trading halt, a placement of 50 million shares at A\$1.25 per share was made to Australian, United Kingdom and European institutional, professional and sophisticated investors raising A\$62.5 million (before costs). The placement was jointly managed by the Company's Australian broker, Tolhurst Limited, and London broker, WH Ireland Limited. The offer was conducted within the 15% placing capacity and was heavily over-subscribed.

Previous fund raising activities provided the Company with sufficient capital to meet the dry hole costs of the two back-to-back appraisal wells in the current drilling campaign. Funds raised will be applied to the following planned activities:

- Initiation of LNG and methanol project studies including site selection to secure a casting basin site in SE Asia for the potential construction of the methanol plant and LNG tank substructures, pre-FEED, finalization of Basis of Design documentation and Capex reviews of the projects;
- Production testing of the gas bearing zones in the wells (refer ASX Releases December 5, 2007 and December 10, 2007);
- Acquisition of approximately 800 sq km of new 3D seismic to extend the existing 500 sq km 3D seismic coverage over the whole of the Epenarra and Heron structures in NT/P68. Acquisition is planned for March 2008;
- Acquisition of new 3D and 2D seismic in the recently acquired Northwest Shelf permits;
- Contingency for drilling cost over-runs and general working capital.

The rig is currently completing logging operations and is preparing to set the 7 inch liner to isolate the over-pressured Flamingo Formation. MEO expects to commence drilling the 6 inch hole in the week commencing December 17, 2007.

The Company remains in a strong financial position and looks forward to a successful outcome in the current drilling campaign, further development of the Tassie Shoal LNG and methanol projects, and exploration of the Northwest Shelf permits.

C.R. Hart
Managing Director