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ASX AND MEDIA RELEASE

HERON-2 WELL SPUDS

Key Points:

- **West Atlas spuds Heron-2 well**

MELBOURNE, AUSTRALIA (October 15, 2007) -- MEO Australia Limited (ASX: MEO) is pleased to advise that the Heron-2 well was spudded late evening last Friday, October 12, 2007 in Exploration Permit, NT/P68. The permit is owned by MEO (90%) and Petrofac Energy Developments Oceania Ltd. (10%). MEO operates the permit.

Heron-2 is being drilled by Seadrill's West Atlas jack-up rig contracted to MEO for two firm wells and one option well. The 30 inch casing has been set and cemented to a depth of 108m and the rig is preparing to commence drilling the 26 in hole.

The Heron-2 well is designed as a vertical well to penetrate and production test the Epenarra Darwin Formation and the deeper Elang/Plover Formation of the Heron North structure. The planned total depth of the well is 4300m below the seafloor. Depending on the results of Heron-2, the permit partners plan to drill Heron-3, which is designed as a horizontal well though a zone anticipated to be highly fractured in the Darwin Formation to test well deliverability.

The Heron-1 well drilled by ARCO in 1972 intersected a 52m gas bearing column in the Darwin Formation (a fractured carbonate reservoir) within the 1,200 square km mapped closure of the large Epenarra structure. Heron-1 also reached a gas charged zone in the deeper underlying Elang/Plover horizon.

Epenarra, along with the other identified prospects in the permit, Heron North, Heron South, Blackwood and Seahawk, collectively, are estimated to have the potential for significant gas resources.

The current focus of the drilling campaign is to establish sufficient commercial gas resources in NT/P68 to support the development of the approved gas-to-liquid projects, the Tassie Shoal Methanol and Timor Sea LNG projects.

C.R. Hart

Managing Director, 15 October 2007