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ASX & Media Release

Heron South-1 Progress Report No. 17

Key Points:

- Drill Stem Test #1 flowed gas to surface at rates too low to measure accurately
- Low reservoir permeability considered cause of low flow rates
- Gas analysis indicates CO_2 content of approximately 35%
- Currently preparing to test upper zone of interest

MELBOURNE, AUSTRALIA (**28th November, 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 first of the two planned production test programs has been completed.

Drill Stem Test (DST) #1 of the Elang-Plover reservoir was performed through a 114mm (4½") slotted liner. The flow rate was too low to be measured accurately, however gas was flared at the surface. Gas composition was analysed using a gas chromatograph and assessed to contain approximately 35% CO_2.

DST#1 has confirmed gas in the Elang-Plover reservoir however the reservoir permeability appears very low.

Eni is currently preparing to undertake the second production test over the Frigate formation. The Frigate formation will be perforated using tubing conveyed perforating (TCP) guns through the cemented 178mm (7") liner.

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 gas discovery.

In accordance with pre-drilling plans, the well will be plugged and abandoned at the conclusion of production testing.

Eni has 60 days from the completion date of the well to elect to drill a second Heron well to complete the farm-in to the Heron gas discovery.

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

"The Elang/Plover reservoir in this region has generally low matrix permeability. MEO interprets that high gas flow rates observed in other wells are achieved by accessing enhanced permeability through natural fractures which appear to be absent at the Heron South-1 location. This well has demonstrated the presence of gas in two intervals. Following testing, we need to fully integrate the well results to determine whether the Heron South structure has the potential for areas of improved reservoir productivity. We look forward to testing the upper zone."

Jürgen Hendrich
Managing Director & Chief Executive Officer