



MEO Australia Limited

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July 31, 2007

Dear Shareholder

2007 JULY MEO AUSTRALIA LIMITED DISADVANTAGED SHAREHOLDERS SHARE PURCHASE PLAN ("JULY SPP")

Summary

- *The July SPP is to give investors who purchased MEO Australia Limited shares between 5 June 2007 and 7 June 2007 and, through no fault of their own, were unable to participate in the recent share purchase plan, the opportunity to subscribe for shares on similar terms to the recent share purchase plan*
- *Eligible shareholders entitled to purchase up to \$5,000 of ordinary new shares*
- *Issue Price will be A\$1.00 per ordinary new share*
- *Application will be made for the listing on Australian Securities Exchange of all securities offered pursuant to this SPP*
- *No brokerage or additional transaction costs*
- *Offer closes 5.00 pm (EST) on August 10, 2007 or earlier/later at the discretion of the Directors*

MEO Australia Limited (ASX: MEO, "Company") is pleased to enclose details of the Company's share purchase plan (Plan).

The Company has obtained relief from ASIC to allow it to make an offer on similar terms to its recent 2007 MEO Australia Limited Share Purchase Plan ("June SPP") to those investors who purchased shares between 5 June 2007 and 7 June 2007 and, through no fault of their own, were unable to participate in the June SPP due to certain share transactions not settling by the relevant record date for the June SPP. The Company is offering those relevant investors the opportunity to subscribe for up to \$5,000 worth of new fully paid ordinary shares in the capital of the Company at a price of A\$1.00 per share, the same price paid by participants in the recent June SPP. The Company is able to make this offer to shareholders without providing a disclosure document in accordance with relief provided by the Australian Securities and Investments Commission under subsection 741(1) of the Corporations Act 2001.

The terms and conditions of the Plan are set out in this letter and the enclosed application form. By accepting the offer to apply for new shares under the Plan, you agree to be bound by these terms and conditions and the constitution of the Company.

Share Purchase Plan Details

The offer of shares under the Plan is part of the second step of a major capital raising initiative undertaken by the Company. On 4 June 2007, the Company announced that it had undertaken a placement of 41.25 million fully paid ordinary shares at an issue price of A\$1.00 per share to certain institutional and sophisticated investors to raise approximately \$41 million before costs ("Placement").

The purposes of the Plan are to:

- *give investors who purchased shares between 5 June 2007 and 7 June 2007 and, through no fault of their own did not receive an offer under the June SPP, the opportunity to subscribe for shares on similar terms to the June SPP; and*
- *raise additional funds for the Company which, combined with the funds raised under the Placement, will be used to fund working capital requirements for the ongoing development of the proposed Gas-to-Liquid projects and the hydrocarbon exploration and appraisal activities in the Company's permit, NT/P68.*

Eligibility

The offer is made to each investor who:

- (a) purchased shares between 5 June 2007 and 7 June 2007 inclusive;
- (b) did not receive an offer under the June SPP because, through no fault of that investor, the purchase of the shares did not settle on or before the record date for the June SPP, 13 June 2007; and
- (c) whose address (as recorded in the registry of shareholders) is in Australia or New Zealand

There is no minimum current shareholding requirement to be eligible to participate. The Company has determined that it is not lawful or practical for shareholders in other jurisdictions to participate in the Plan. The offer under the Plan is non-renounceable and therefore eligible shareholders may not transfer their rights to subscribe for shares under the Plan.

Price of Shares Offered Under the Plan

The issue price for each new fully paid ordinary share offered under the Plan is A\$1.00. The issue price represents approximately a 5% discount to the weighted average share price over the five trading days prior to the Trading Halt announcing the farm-out and Placement.

Price Risk

The market price of the Company's shares may rise or fall between the date of the offer and the date when the new shares are issued. This means that the price you pay for the new shares under the Plan might exceed the market price of Company's shares at the time the new shares are issued. Any change in the market price of the Company's shares will not change the issue price of A\$1.00 under the Plan.

Entitlement

If you are eligible to participate in the Plan, you may select only one of the following three alternative offers to apply for new shares:

Alternative	Number of New Shares	Amount Payable
Offer A	5000	A\$5,000
Offer B	3000	A\$3,000
Offer C	1000	A\$1,000

Limit on Participation

The maximum value of shares that may be applied for under this Plan is A\$5,000. In order to comply with Australian Securities and Investments Commission relief in respect of the Plan, the maximum value of new shares each eligible shareholder (irrespective of the size of their shareholding) may apply for under this Plan or similar arrangements is A\$5,000 over any twelve month period. This limit will apply even if you receive more than one offer from the Company (for example, because you are a joint holder of shares or because you

hold more than one shareholding under separate share accounts). However, if on the Record Date, a trustee or nominee is expressly noted on the register of members as holding ordinary shares on account of another person (Beneficiary): the Beneficiary is taken to be the registered holder in regard to those shares; and any application for the issue of shares by the trustee or nominee, is taken to be an application by the Beneficiary. The Company reserves the right to reject any application for new shares where it believes this requirement has not been complied with.

Allocation of New Shares

Under the ASX Listing Rules, the Company may generally issue up to 30% of ordinary issued capital under a share purchase plan without shareholder approval provided certain conditions are met. Given the number of shareholders at the date of this letter, the Company will not issue greater than 30% of its existing share capital.

Costs of Participation

No brokerage, commission, stamp duty or other transaction costs will be payable by you in respect of the application for and issue of new shares under the Plan.

Offering Opening and Closing Dates

The offer opens at 9.00 am EST on **31 July 2007**.
The offer closes at 5.00 pm EST on **10 August 2007**.

The Company may vary the date for closing the offer and will announce any such variation to the Australian Securities Exchange.

Acceptance Instructions

To accept the offer, complete the application form and select the offer with respect to the number of shares you wish to apply for. The completed application form with a cheque made payable to "MEO Australia Limited – Subscription Account" and crossed "Not Negotiable" for the amount payable by you for the shares should be received by Link Market Services Ltd no later than 5.00 pm (EST) on the closing date of the offer.

Delivery details are as follows

By Hand:

Link Market Services Ltd
Level 12, 680 George Street
SYDNEY NSW

By Post:

Link Market Services Ltd
Locked Bag A14
SYDNEY SOUTH NSW 1235

Once you have accepted the offer you may not withdraw your acceptance. The Company reserves the right to reject your application and not issue any new shares to you if your application form is not completed correctly or your cheque is for an incorrect amount or does not clear within five business days of presentation.

Issue of New Fully Paid Ordinary Shares under the Plan

The new Shares are proposed to be issued and allotted on or about 17 August 2007. It is expected that the new shares will be quoted on ASX on or about 21 August 2007 and you should receive your holding statement or confirmation advice in respect of the new shares shortly after that date.

New fully paid ordinary shares issued under the Plan will rank equally and carry the same rights as existing fully paid ordinary shares in the Company.

Administration of the Plan

The Plan is administered by the Board of the Company. The Board may adopt such administrative procedures as it thinks appropriate in relation to the Plan. The Board may settle, in any manner it thinks fit, any difficulties, anomalies or disputes which may arise under or in connection with the operation of the Plan, whether generally or in relation to any participant or class of participants, offer, acceptance or shares, and the decision of the Board will be conclusive and binding on all participants and other persons to whom the

determination relates. The Board reserves the right to waive compliance with any provision of these terms and conditions. The Board may reject any application form for any reason and may scale back acceptances.

Modification and Termination

Subject to the *Corporations Act 2001* and the ASX Listing Rules, the Company may modify or terminate the Plan at anytime, and may also implement another Plan in the future, but it is not obliged to do so. The Company will notify the ASX of any modification or termination of the Plan.

Acknowledgements

Participation in the Plan is entirely optional and the Company does not make any recommendation or give any advice regarding whether eligible shareholders should participate in the Plan. You should consult your professional adviser in relation to this offer and your participation in the Plan.

By accepting an offer under the Plan, you acknowledge and agree that:

- *you have read, understood and agree to be bound by the terms and conditions of the Plan;*
- *the aggregate of the application price for the new shares the subject of the application and any other shares and interests in the class applied for by you under the Plan or a similar arrangement in the 12 months prior to the application for new shares under the Plan does not exceed \$5,000;*
- *you have sought such professional advice in relation to the Plan as you deem necessary; and,*
- *you agree to be bound by the constitution of the Company.*

Contacts:

If you have any questions about the Plan please contact either:

Mr Colin Naylor, the Company Secretary on 03 9614 0430, by email at: admin@meoaustralia.com.au or **Link Market Services Ltd on 1300 558 249.**

Yours sincerely



Colin H Naylor
Company Secretary
MEO Australia Limited