



MEO Australia Limited
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May 29, 2008

Ms Kate Kidson
Principal Advisor, Issuers
Australian Stock Exchange Limited
Level 45, South Tower
Stock Exchange Centre
530 Collins Street
Melbourne VIC 3000

Dear Ms Kidson,

Re: Price query

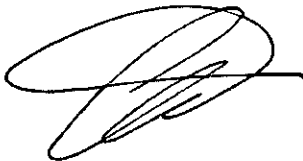
In regard to your query in relation to the recent price increases in our stock, we make the following responses to your specific numbered points:

1. The Company is not aware of any information that has not already been announced to the market. A number of recent ASX releases may have contributed to the present positive sentiment towards the stock, including the Investor Presentation released May 6, 2008, appointment of Mr Nick Heath to the Board of Directors released May 12, 2008, the appointment of Mr Jürgen Hendrich to the position of CEO on May 20, 2008 and various releases in relation to the Blackwood gas discovery.
2. Not applicable.
3. The Company notes the steady rise in the share price during the week and offers the following possible explanation for this increase:
 - (a) MEO made two gas discoveries in NT/P68, Heron and Blackwood, announced in March 2008. The Blackwood gas discovery is believed, subject to confirmation by appraisal drilling, to contain sufficient gas to underpin the first of MEO's two approved methanol plants.
 - (b) MEO is preparing to drill the multi-TCF Zeus structural stratigraphic prospect in WA-361-P later in the year and has secured the Songa Venus semi-submersible rig. Zeus is located immediately adjacent to and is considered a direct analogue to the Perseus Gas Field, one of the main fields supplying the Northwest Shelf LNG project. A gas discovery in this location would significantly re-rate the company;

- (c) As previously advised, the Company is conducting confidential discussions with a large number of substantial international corporations in regard to the possible farmin to the Company's exploration permits WA-361-P (Zeus) and NT/P68 (Heron and Blackwood). At this time, no farmin or project participation agreements have been executed or agreed;
 - (d) An independent research article on MEO Australia was released yesterday by broking firm, Tolhurst Limited. This report (attached) has a target share price of \$1.98, significantly above the current share price;
 - (e) MEO notes a general improvement in the market with increases in most stock prices, particularly in the oil and gas sector. This is due to record energy prices, including LNG and methanol.
4. We confirm that to the best of our knowledge, the Company is in full compliance with the listing rules and, in particular, listing rule 3.1.

We trust these explanations satisfy your query and please immediately contact us if you wish to discuss the matter further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Christopher Hart', with a large, sweeping flourish extending to the right.

Christopher Hart
Managing Director
MEO Australia Limited



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29 May 2008

Colin Naylor
Company Secretary
MEO Australia Limited
Level 17
500 Collins Street
Melbourne VIC

By email only

Dear Colin

MEO Australia Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from a low of 29 cents on 26 May 2008 to a high of 48 cents today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at kate.kidson@asx.com.au or by facsimile on **facsimile number 03 9614 0303**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie **before 9.30 a.m. E.S.T.**) on Friday, 30 May 2008.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

Sent by electronic means without signature

Kate Kidson
Principal Adviser, Issuers