



MEO Australia Limited

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April 20, 2007

Ms Kate Kidson
Senior Advisor, Issuers
Australian Stock Exchange Limited
Level 3
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.
2. Not applicable.
3. As previously advised, the Company is conducting confidential discussions with a number of substantial international corporations in regard to the possible farmin to the Company's exploration permit, NT/P68 and participation in the Company's gas-to-liquid (GTL) LNG and methanol projects. At this time, no farmin or project participation agreements have been executed or agreed.

The Company notes the steady rise in the share price during the week and offers the following possible explanation for this increase:


- (a) The pre-eminent annual oil & gas industry APPEA conference was held in Adelaide this week from April 16-18. The forum highlighted the difficulty faced by most proposed Australian Greenfield LNG projects in gaining regulatory approvals, in particular the all important environmental approval. On Monday April 16, one speaker specifically noted that MEO's LNG project was the only proposed Australian Greenfield project that has secured its Commonwealth Government environmental approval. We surmise that the strategic value of this approval would appear to be increasingly recognized by the market and market participants alike.

- (b) MEO has been steadily de-risking the prospects in NT/P68 and GTL projects during the first quarter of 2007. This has led to increased interest from industry participants, particularly following the award of Major Project Facilitation Status for the LNG and methanol projects by the Commonwealth Government on January 29, 2007.
- (c) The importance of the statutory approvals was specifically recognized in yesterday's business section of The Australian where "green worries" in the Kimberley region impacting environmental approvals for the proposed Browse Basin LNG developments could delay these projects by seven years. Assuming appraisal drilling success in NT/P68, MEO could be in the position to initiate FEED studies for its LNG project in 2008 and commence construction in 2009.
- (d) The Company has consistently stated it is seeking to attract strategic partners to join in the development of its proposed 3 Mtpa LNG project and its 100% owned exploration permit, which contains the Heron-1 gas discovery. To this end, MEO confirms it has been in confidential discussions with numerous parties for several months.
- (e) The CSIRO Petroleum gas quality study results for the gas bearing zone in the Darwin Formation (Epenarra prospect) intersected by Heron-1 were released to the market on February 19, 2007. These studies confirmed high liquid and low carbon dioxide content of gas trapped in fluid inclusions within rock samples recovered throughout the Darwin Formation from the Heron-1 exploration well. This gas quality would be ideally suited to conversion into LNG.
- (f) The comprehensive article in the March 2007 issue of Petroleum News by renowned Australian freelance resources journalist and author, Mr. Ric Wilkinson, who reviewed the status of all prospective Australian LNG projects, concluded that environmental approvals were critical for new projects to proceed and that the MEO LNG project having secured these approvals was the wildcard in the Timor Sea LNG pack
- (g) Recent investor presentations and marketing in New York, London and Europe (refer International Investor Presentation released to market April 5, 2007) may have stimulated strong interest from potential new investors.
- (h) The imminent exercise of the April 30, 2007 in-the-money 25 cent options will boost the company balance sheet to over \$26 million in cash ahead of the two well appraisal drilling program scheduled to commence in September 2007.

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,



Christopher Hart
Managing Director
MEO Australia Limited



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20 April 2007

Colin Naylor
Company Secretary
MEO Australia Limited
Level 25
500 Collins Street
Melbourne VIC 3000

By email: colin.naylor@meoaustralia.com.au

Dear Colin

MEO Australia Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from 72.5 cents on 16 April 2007 to 91.5 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 Monday, 23 April 2007.

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
Senior Adviser, Issuers