



MEO Australia Limited

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April 27, 2009

Mr Dean Litis
Principal Advisor, Issuers
ASX Markets Supervision Pty Ltd
Level 45, South Tower
525 Collins Street
Melbourne VIC 3000

Dear Dean,

Re: Price query

In regard to your query in relation to the price increase in our stock on Friday 24 April 2009 and increased volume on the same day, 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. It is likely that MEO's operating result for the financial year ended 30 June 2009 will vary by more than 15% compared to the operating result for the financial year ended 30 June 2008 due to the likely write-off of exploration expenditure relating to the Zeus-1 well drilled in WA-361-P in January/February 2009 which failed to discover hydrocarbons.
4. There is no reason, at this point in time, to think that MEO will record any material abnormal or extraordinary item for the financial year ended 30 June 2009.
5. The Company notes the rise in the share price and significant turnover on Friday 24 April 2009 and offers the following possible explanation for this increase:

In the Quarterly Activities Report released to the market on 20th April for the period ended 31 March and in Investor presentations dated 19th March 2009, the Company highlighted:-

- (a) Preliminary gas-in-place estimates for the Artemis Prospect (WA-360-P – MEO 70%) of between **6** and **9 Tcf**. The preliminary volumetric estimates are based on significant technical work undertaken during the quarter aimed at providing evidence for the extension of the neighbouring Wheatstone gas discovery into WA-360-P. The 2004 Wheatstone gas discovery is expected to enter the Front End Engineering and Design (FEED) stage this year for a proposed 10 Mtpa LNG

project. The technical work undertaken by MEO during the quarter provides the WA-360-P Joint Venture with encouragement that an extension of the Wheatstone gas field is technically feasible and that the Artemis prospect represents an attractive target upon which to base the year 5 (commencing 1 February 2010) commitment well.

- (b) The Quarterly Report also stated the MEO was about to launch a formal farm-out process for WA-360-P (MEO 70%) and NT/P68 (90-100%) at the Seapex Conference held in Singapore last week (21 - 23 April).
- (c) The 19th March investor presentation indicated that preliminary mapping of the Blackwood gas discovery (MEO 100%) in NT/P68 based on the newly processed Blackwood 3D seismic data integrated with existing 2D data indicated substantial structural closure at East Blackwood. Appraisal drilling is required to confirm whether there is sufficient gas in the Greater Blackwood to underpin the first of MEO's approved 1.75 Mtpa methanol projects.
- (d) The Quarterly Report stated that cash on hand at 31 March was \$21.8 million, equivalent to approximately 5 cents per share. At the April 24 closing price of 9.9 cents per share, the market is only ascribing ~\$20 million to MEO interests in WA-360-P (MEO 70%) together with the Blackwood (MEO 100%) and Heron (MEO 90%) gas discoveries in NT/P68 and the clear commercialization path for stranded Bonaparte Basin gas via MEO's proposed Tassie Shoal gas processing hub concept.

- 6. 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.

Yours sincerely,



Jürgen Hendrich

Managing Director & Chief Executive Officer
MEO Australia Limited



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24 April 2009

Mr Colin Naylor
Director & Company Secretary
MEO Australia Limited

Dear Colin

MEO Australia Limited- Price Query

We have noted a change in the price of the Company's securities from 7.6 cents as at the close of trading on Thursday 23 April 2009 to a high of 10.5 cents at the time of writing today. We have also noticed an increase in volume during the same period.

In light of the price and volume increase, 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?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

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 reason to think that there may be a change in the company's operating result so that the figure for the financial year ended 30 June 2009 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.
4. Is there any reason to think that the Company may record any material abnormal or extraordinary item for the financial year ended 30 June 2009? If so, please provide details.
5. Is there any other explanation that the Company may have for the price change in the securities of the Company?
6. 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 dean.litis@asx.com.au. 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. EST) on **Monday 27 April 2009**.

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.

Yours sincerely

[Sent electronically, without signature]

Dean Litis

**Principal Adviser
Issuers, Melbourne**