



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