



MEO Australia Limited

ABN 43 066 447 952

Level 17
500 Collins Street
Melbourne Victoria 3000 Australia

Tel: (+61 3) 9614 0430
Fax: (+61 3) 9614 0660
Email: admin@meoaustralia.com.au
Website: www.meoaustralia.com.au

June 10th, 2009

Mr Darren Collins
Senior Advisor, Issuers and Accounting Policy
ASX Markets Supervision Pty Ltd
Level 45, South Tower
525 Collins Street
Melbourne VIC 3000

By Email: darren.collins@asx.com.au

Dear Darren,

Re: Price query

We refer to your correspondence of this afternoon in relation to the price increase in our stock from 14 cents on Friday 5th June 2009 to an intra-day high of 22 cents today accompanied by an increase in trading volumes during this period. 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 unsuccessful well drilled in WA-361-P in January/February 2009.
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 Tuesday 9th and Wednesday 10th June 2009 and offers the following possible explanation for this increase:

In the Quarterly Activities Report released to the market on 20th April (http://www.meoaustralia.com.au/icms_docs/48018_Quarterly_Activities_Report_31_March_2009.pdf) for the period ended 31 March, the Company highlighted:-

- (a) Preliminary gas-in-place estimates for the Artemis Prospect (WA-360-P – MEO 70%) of **approximately 9.5 Tcf**. 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.

The Quarterly Report advised that MEO was launching a formal farm-out process for WA-360-P (MEO 70%) and NT/P68 (90-100%) at the Seapex Conference held in Singapore between April 21 - 23. The company engaged IndigoPool to assist with the farmout process in late May. The executive summary of the opportunity has been sent to a significant number of parties and is posted on the MEO website at:

http://www.meoaustralia.com.au/page/Projects/Farm-in_Opportunities/

- (b) MEO participated in the annual APPEA conference in Darwin last week and presented the basis for its technical assessment of the Artemis prospect at a poster session. The company participated in the final plenary session at the conference and lodged this presentation with the ASX before market open on 4th June – (refer http://www.meoaustralia.com.au/icms_docs/50418_030609_-_APPEA_June_2009_Plenary_Session_Presentation.pdf).

During the APPEA conference MEO met with a number of large companies that had expressed interest in assessing the WA-360-P opportunity. While this interest and ensuing discussions are considered encouraging, the farmout process remains at an early stage, with indicative farm-in offers due at the end of July.

- (c) MEO notes an article entitled “*Woodside v Chevron and all that jazz*” by Barry Fitzgerald appeared in “The Age” on Monday 8th June. The article highlighted the strategic location of MEO’s WA-360-P permit relative to the existing Pluto and proposed Wheatstone LNG projects and the positive impact on MEO should any gas be discovered in this permit. The article can be accessed online at <http://business.theage.com.au/business/rio-and-bhp-hold-floor-but-fortescue-bci-have-a-dance-20090607-bzum.html>.

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