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ASX & MEDIA RELEASE

MANAGING DIRECTOR REMUNERATION ARRANGEMENTS FOR FY13

Melbourne, Australia (23 July, 2012) (ASX: **MEO**; OTCQX: **MEOAY**)

Flowing from its annual review of remuneration, the Directors of MEO Australia Limited have approved the 2012/2013 Remuneration Package for Managing Director and Chief Executive Officer, Mr Jürgen Hendrich. The package includes the three elements set out below:-

1. Annual Remuneration

The 2012/2013 Annual Remuneration to be paid to Mr Hendrich is \$510,000 inclusive of superannuation which represents a 3% increase over 2011/2012 Annual Remuneration of \$495,000.

2. Short Term Incentive

The Remuneration and Nomination Committee completed an assessment of the Managing Director's performance against a suite of short term Key Performance Indicators. For the past year, priority was attributed to the successful implementation of several extensive seismic acquisition projects, the advancement of exploration and appraisal activities in key Indonesian and Australian permits and the re-positioning of the Tassie Shoal projects. With this preparation and the strengthening of the MEO executive team, the Company is well positioned for future growth. The Managing Director has been pro-actively communicating the Company's activities to the local and overseas markets. In recognition of his overall performance, the Board has agreed to make a Short Term Incentive award of \$125,000.

3. Long Term Incentive

It is proposed the 2012/2013 Long Term Incentive package for Mr Hendrich to be put to shareholders for approval will comprise share performance rights which will be subject to both time based and MEO share price hurdles. The value of this LTI package is in line with market practice.

A summary of the key terms of the Managing Director and Chief Executive Officer's proposed LTI package for FY13 is outlined below.

Key terms of LTI package

Securities to be granted	<p>1,050,000 Performance Rights under the Company's Long Term Incentive Plan (LTI Plan), in 3 equal tranches</p> <p>Tranche 1 350,000 share performance rights for 2012/2013 Tranche 2 350,000 share performance rights for 2013/2014 Tranche 3 350,000 share performance rights for 2014/2015</p>
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Service Condition	Tranche 1 – Hold the position of Chief Executive Officer as at 30 June 2013 Tranche 2 – Hold the position of Chief Executive Officer as at 30 June 2014 Tranche 3 – Hold the position of Chief Executive Officer as at 30 June 2015
Share Price Hurdle	<p>Tranche 1 The MEO share price achieving a Volume Weighted Average Price (VWAP) of 50 cents for 30 continuous trading days in the period 1st July 2012 – 30th June 2013.</p> <p>Tranche 2 The MEO share price achieving a Volume Weighted Average Price (VWAP) of 75 cents for 30 continuous trading days in the period 1st July 2013 – 30th June 2014.</p> <p>Tranche 3 The MEO share price achieving a Volume Weighted Average Price (VWAP) of \$1.00 for 30 continuous trading days in the period 1st July 2014 – 30th June 2015.</p>

The Company's share price on 2 July 2012 was \$0.255. For the Managing Director to derive any benefit from these performance rights the MEO share price needs to effectively double in 2012/13, triple by 2013/14 and quadruple by 2014/15.

In the Board's view this represents a challenging increase to the Company's prevailing share price and aligns a significant proportion of executive remuneration with shareholder value creation. Given that the Company does not currently pay dividends, growth in the Company's share price is a strong indication of growth in shareholder value.

The granting of Performance Rights as outlined above to the Managing Director and Chief Executive Officer will be put to shareholders at the 2012 Annual General Meeting. Further details of the proposed grant will be outlined in the Notice of Meeting.



Nicholas Health
Chairman

Media and Shareholder Queries:

Contact – Mr Colin Naylor
Chief Financial Officer & Company Secretary