

MEO AUSTRALIA LIMITED

ABN 43 066 447 952

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of members of MEO Australia Limited will be held in the Meeting Room of The Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne on Thursday, 18th November 2010 at 10.30 am.

ORDINARY BUSINESS

1. Financial Report

To receive and consider the Financial Report and the reports of the Directors and Auditors for the year ended 30th June 2010.

2. Adoption of Remuneration Report

To consider and, if thought fit, pass the following non-binding resolution as an ordinary resolution:

“That the Remuneration Report for the year ended 30th June 2010 be adopted.”

The Remuneration Report is set out on pages 17 to 22 of the 2010 Annual Report.

This is a non-binding advisory vote.

3. Re-election of Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Mr Nicholas Moubray Heath, who retires by rotation under the Company’s constitution and, being eligible, be re-elected as a Director of the Company.”

SPECIAL BUSINESS

4. Issue of options to Directors

To consider and, if thought fit, pass the following resolutions as separate ordinary resolutions:

(a) Issue of Options to Mr Nicholas Moubray Heath

“That the Company approve for all purposes, including ASX Listing Rule 10.14, the issue of 1,500,000 options to Mr Nicholas Moubray Heath on the terms summarised in the Explanatory Notes to this Notice of Meeting and any issues of ordinary shares on exercise of those options”.

(b) Issue of Options to Mr Jürgen Hendrich

“That the Company approve for all purposes, including ASX Listing Rule 10.14, the issue of 1,500,000 options to Mr Jürgen Hendrich on the terms summarised in the Explanatory Notes to this Notice of Meeting and any issues of ordinary shares on exercise of those options”.

(c) Issue of Options to Mr Gregory Allen Short

“That the Company approve for all purposes, including ASX Listing Rule 10.14, the issue of 1,000,000 options to Mr Gregory Allen Short on the terms summarised in the Explanatory Notes to this Notice of Meeting and any issues of ordinary shares on exercise of those options”.

5. Increase in aggregate cap of non-executive Directors’ remuneration

To consider and if thought fit, pass the following resolution as an ordinary resolution:

“That, in accordance with Rule 8.3(a) of the Company’s constitution, the maximum aggregate amount of remuneration which may be provided by the Company to all Directors for their services as Directors be increased by \$200,000 to a maximum sum of \$500,000 a year, with effect from the financial year commencing 1st July 2010.”

Voting Exclusions Statement

The Company will disregard any votes cast on Items 4(a)–(c) and 5 by a Director of the Company and any of their associates.

However, the Company will not disregard a vote if it is cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board of MEO Australia Limited

A handwritten signature in black ink, appearing to read 'Colin H. Naylor', written over a horizontal line.

Colin H. Naylor
Company Secretary

8th October 2010

2010 Annual Report

Shareholders who elected not to receive a printed copy of the 2010 Annual Report can access the Annual Report at MEO's website address:

http://www.meoaustralia.com.au/page/Investor_Relations/Annual_Report/

NOTES

1. Voting

- (a) On a poll, Members have one vote for every fully paid ordinary share held. On a show of hands, every person present and qualified to vote has one vote and if one proxy has been appointed, that proxy will have one vote on a show of hands. If a shareholder appoints more than one proxy, and more than one proxy attends the meeting, neither proxy may vote on a show of hands, but both proxies will be entitled to vote on a poll in respect of those shares or voting rights the proxy represents.
- (b) A Member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights. If two proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the member's votes.
- (c) A form of proxy accompanies this Notice and, to be effective, the form (and if the appointment is signed by the appointor's attorney, the original authority under which the appointment was signed or a certified copy of the authority) must be received by the registered office of the Company or by the Company's share registry at least 48 hours before the time appointed for the Meeting. Any proxy lodged after that time will be treated as invalid.
- (d) A proxy duly appointed need not be a Member and may be an individual or body corporate. In the case of joint holders, either holder may sign.
- (e) If a member appoints a body corporate as a proxy, that body corporate will need to ensure that it:
 - (i) appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; or
 - (ii) provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If such evidence is not received prior to the commencement of the meeting, then the body corporate proxy (through its representative) will not be permitted to act as the Member's proxy.

- (f) Proxy and corporate appointment of representative forms may be returned to the Company in any of the following ways:
 - (i) by delivery (by hand, mail, or facsimile) to the Company Secretary, MEO Australia Limited at its registered office:
 - Level 17
 - 500 Collins Street
 - Melbourne Vic 3000
 - Facsimile: **61+ 3 9614 0660**.
 - (ii) by delivery (by hand, mail, or facsimile) to the MEO Australia Limited share registry:
 - Link Market Services Limited
 - Level 12
 - 680 George Street
 - Sydney NSW 2000
 - Facsimile: **61+2 9287 0309**

- (g) Corporate Members should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Act. Section 127 of the Act provides that a company may execute a document without using its common seal if the document is signed by:

- (i) 2 directors of the company; or
 - (ii) a director and a company secretary of the company; or
 - (iii) for a proprietary company that has a sole director who is also the sole company secretary - that director.
- (h) Completion of a proxy form will not prevent individual Members from attending the meetings in person if they wish. Where a Member completes and lodges a valid proxy form and then the Member attends the meeting in person, if the member votes on a resolution, their proxy is not entitled to vote, and must not vote, on that resolution.
- (i) Under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the share register at 7pm on Tuesday 16th November 2010. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Explanatory Memorandum

Shareholder approval of resolutions is required for the purposes of the ASX Listing Rules and the Corporations Act 2001 (Cth). This Explanatory Memorandum has been prepared to provide you with material information to enable you to make an informed decision in relation to the business to be conducted at the Annual General Meeting of the Company.

Ordinary business

Item 1. Financial Report

The *Corporations Act 2001* (Cth) requires:

1. the reports of the Directors and Auditors; and
2. the Annual Report, including the financial statements of the Company for the fiscal year ended 30th June 2010,

to be laid before the Annual General Meeting. Neither the *Corporations Act* nor the Constitution require a vote of members on the reports or statements. However, shareholders will be given a reasonable opportunity to ask questions about or make comments on the management of the Company.

Also, a reasonable opportunity will be given to members as a whole at the meeting to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the Auditor in relation to the conduct of the audit.

Item 2. Remuneration Report

As part of the Annual Report provided to all members, a Remuneration Report is required to be included which sets out details of the remuneration for the five highest remunerated Company and Group executives, each director and for each of the other key management personnel of the Company, in addition to describing Board policy in respect of remuneration, its relationship to the Company's performance, along with a detailed summary of any relevant performance conditions, why those particular conditions were chosen, and how performance is measured against them.

Under the resolution in Item 2, the Company is seeking member approval of the adoption of the Remuneration Report by the Company. The outcome of this resolution is advisory only, and is not binding on the Company or the Board.

The Board unanimously recommends that members vote in favour of adopting the Remuneration Report.

Item 3. Re-election of Director

Mr Nicholas Moubray Heath is required to retire at this Annual General Meeting, and seeks re-election

Further information in relation to the director is as follows:

Mr Heath is a chemical engineer with over 36 years industry experience in Australian and international energy markets gained through senior management positions with ExxonMobil in Australia and overseas. He was a Director of ExxonMobil Australia Pty Ltd, the holding company for all of ExxonMobil's Australian assets and had specific responsibility for the marketing of natural gas and natural gas liquids throughout Australia. Mr Heath served as Chairman of the Australian Petroleum Production and Exploration Association (APPEA) from 1997-99. His depth of industry experience brings valuable expertise to the Board of MEO Australia Limited. Mr Heath also serves as Chairman on the Board of ASX listed coal seam gas company – Metgasco Limited (ASX: MEL).

Mr Heath is Chairman of the Remuneration and Nomination Committee.

The Board (other than Mr Heath) unanimously recommends that members vote in favour of the resolution to re-elect Mr Heath.

Special Business

Item 4. Issue of Options

Items 4(a) and 4(b) seek shareholder approval to issue 1,500,000 options to each of Messrs Heath and Hendrich and Item 4(c) seeks shareholder approval to issue 1,000,000 options to Mr Short on the terms set out in this notice. Each option entitles Messrs Heath, Hendrich and Short to acquire one fully paid ordinary share in the capital of the Company upon meeting the vesting conditions outlined below and paying the exercise price.

The Directors have received external advice as to the level and structure of Director remuneration and have concluded that the proposed issue of options on the terms set out in this Notice are reasonable in the circumstances.

The Board considers it appropriate that the above mentioned Directors be provided options to ensure that the remuneration paid by the Company to its Directors is competitive in comparison to its peers and enables the Company to attract and retain high calibre Directors.

At the 13th November 2008 Annual General Meeting, shareholders approved the grant of 1,000,000 options to Messrs Sweeney and Hopley at an exercise price of \$0.50 cents per ordinary fully paid share with a vesting date of 30th September 2009 and an expiry date of 30th September 2011.

If shareholder approval is obtained, it is intended that the options will be issued shortly after the annual general meeting, but no later than one year after the meeting or any adjournment of the meeting.

The specific terms of the options are detailed below:

Terms applicable to the Managing Director

- Each option issued to Mr Hendrich will be subject to a service condition and a share price hurdle ending on 1 July 2013. Options will vest on 1st July 2013, provided the MEO share price is at or above 60 cents per share for at least 30 trading days, in the period from 1st July 2010 to 1st July 2013, and the Managing Director remains in the service of MEO Australia Limited throughout that period. Upon vesting, the options are exercisable at any time until they expire at 5:00pm on 18th November 2014.

The 60 cent MEO share price represents a 100% increase above the prevailing MEO share price prior to 1st July 2010.

- Where the Managing Director ceases employment with MEO Australia Limited after 1 July 2013, vested options held by the Managing Director may be exercised within a period of 6 months following the Managing Director ceasing employment with MEO Australia Limited, and in any event, no later than 5:00pm on 18th November 2014, after which time the options shall expire.

Terms applicable to Messrs Heath and Short

- Each option issued to Messrs Heath and Short will be subject to a service condition (with transition to an executive role deemed to be continuous service, unless the Board determines otherwise) ending on 30th June 2013, at which time the options will vest. Upon vesting, the options are exercisable at any time until they expire at 5:00pm on 18th November 2013.
- Where Messrs Heath and Short cease to be Directors or employees of MEO Australia Limited prior to 30 June 2013, the options will lapse.

Terms applicable to all Directors

- All Directors are entitled to participate in the scheme.
- The options issued to the Directors will be at no cost to them.
- The exercise price for each option will be \$0.50. Each option entitles the holder to subscribe for 1 fully paid ordinary share in MEO Australia Limited.
- Options will not be assignable or transferable, except to related parties, and only with the prior written consent of the Board of Directors, except in the case of the death of the holder when the options may be transmitted to the personal representative of the deceased.
- The Board may, in its absolute discretion, waive any or all performance conditions and/or service conditions in exceptional circumstance relating to some or all of the options issued and not yet vested.

- All shares issued upon exercise of options will rank equally in all respects with the then existing fully paid ordinary shares in MEO Australia Limited.
- Holders of options may only participate in a new issue of securities to holders of ordinary shares in MEO Australia Limited if an option has been exercised and a share issued in respect of that option before the record date for determining entitlements to the new issue.
- There will be no change to the exercise price of an option or the number of shares over which an option is exercisable in the event of MEO Australia Limited making a pro rata issue of shares or other securities to holders of ordinary shares in MEO Australia Limited (other than a bonus issue).
- All options will vest in the event of a merger or takeover of the company.
- In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, all of the options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- The directors will not receive any loans in relation to any exercise of options.

Item 5. Increase in aggregate cap of non-executive Directors' remuneration

The current maximum aggregate amount which may be paid as fees to all non-executive Directors of the Company for their services as Directors is \$300,000 per annum, as approved by shareholders at the Annual General Meeting of Shareholders on 13 November 2008. This amount does not include other payments that may be payable to the non-executive Directors as specified in the constitution, and, has not included any Options that were issued to non-executive Directors from time to time.

The proposed increase in the non-executive Directors' fee cap by \$200,000 would take the maximum aggregate amount to \$500,000 per annum. The Company will continue to seek separate shareholder approval for each issue of options (see Items 4(a), 4(b) and 4(c)).

The Company undertakes regular reviews of the fees paid to non-executive Directors to ensure that the fees paid by the Company are competitive and enable the Company to attract and retain high calibre Directors. This review includes consideration of fees paid to non-executive Directors of comparable Australian listed companies. A Director's performance, duties and responsibilities, the market comparison and independent advice are all considered as part of the review process. As a result of the review process, the Board determined, that to remain competitive, the Chairman's fees be increased from \$80,000 plus 9% superannuation to \$83,000 per annum plus 9% superannuation with effect from 1 July 2010 and non-executive directors' fees be increased from \$40,000 per annum plus 9% superannuation to \$57,000 plus 9% superannuation with effect from 1 July 2010. In terms of the existing aggregate cap, the effect of these increases does not give the Board adequate flexibility to maintain competitive conditions and if necessary to appoint any additional directors should the need arise.

The aggregate remuneration (excluding options) provided to non-executive Directors for the year ended 30 June 2010 was \$218,000.

Increasing the maximum amount of non-executive Directors' remuneration payable does not mean that the whole of the new maximum aggregate will be used immediately.

Shareholders should note that the proposed increase in non-executive Directors' remuneration does not relate to salaries paid to the Managing Director in his capacity as an executive of the Company. The Managing Director does not receive remuneration in the form of a Directors' fee in addition to his salary.