

ASX ANNOUNCEMENT: 16 December 2010**MEOAustralia**
energy for the future**MD discusses forward strategy**

Open Briefing with Managing Director & CEO Jürgen Hendrich

MEO Australia Limited
Level 17, 500 Collins Street
Melbourne Victoria 3000**In this Open Briefing[®], MEO Australia MD & CEO Jürgen Hendrich discusses**

- The Artemis-1 exploration well failure to find gas
- \$100 million in uncommitted cash reserves
- Development strategy for asset portfolio

Open Briefing interview:**openbriefing.com**

MEO Australia Limited (ASX Code: MEO, OTC Code: MEOAY) announced this week that the Artemis-1 wildcat exploration well (WA-360-P, MEO 25%) located in the Carnarvon Basin, offshore Western Australia, failed to find gas. What are the implications of this result for shareholder value?

MD & CEO Jürgen Hendrich

Any expectation of success that is built into the share price is eroded by an unsuccessful result. Prospective shareholders weigh up the investment metrics of a potential investment against the risks involved in undertaking that investment. Artemis offered the potential for a quantum increment in shareholder value.

Some 40% of our issued capital has been traded in the three days since the results of Artemis-1 were announced on Monday this week, at prices barely above our cash backing. Selling of this magnitude creates opportunities for investors with an investment horizon beyond the immediate well result.

The nature of the business we are in carries inherent technical risks which the board and executive team is charged with mitigating. The Artemis prospect was identified by MEO's technical team, reviewed with many of the world's leading oil & gas companies and ultimately attracted Petrobras as our partner bringing substantial cash into the company. This process can be replicated with the appropriate acreage position.

We assessed Artemis-1 to have a 32% chance of success, or 68% chance of failure. The largest risk was the complex nature of the trap itself. Ultimately, the irreducible risk can only be tested by drilling the prospect.

MEO now has \$100 million uncommitted cash to build our acreage portfolio and to demonstrate and crystallise the substantial potential value in our discovered resources (Heron and Blackwood), approved Tassie Shoal Projects and our other exploration permits.

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Do you have any further plans for WA-360-P?

MD & CEO Jürgen Hendrich

The Carnarvon Basin is one of the world's premier LNG provinces. Discoveries are still being made, however the prospects are becoming more subtle and require an enormous technical effort to identify.

Our immediate plans are to integrate the technical data we have acquired through drilling Artemis-1 and seek to understand why the prospect did not work. This will impact our assessment of the remaining prospectivity.

The permit enters its final work program year on 1 February 2011, giving us 12 months to determine whether we relinquish 100% of the permit or seek to retain 50% of the permit and renew it for a further 5 years.

The regional LNG projects remain short of gas, providing an enormous opportunity to monetise any discovered gas into these projects.

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Following a capital raising of \$32.6 million in November, MEO now holds in excess of \$100 million in uncommitted cash reserves. How do you plan to use these funds?

MD & CEO Jürgen Hendrich

\$100 million of uncommitted cash represents around \$0.185 per share cash backing.

We have a two fold strategy. Firstly, we need to ensure the value in our existing portfolio is realised. To that end, we have a farm-in process running for our 100% owned NT/P68 that contains the Blackwood and Heron gas discoveries.

Our two Tassie Shoal projects, which currently have little value assigned to them, have the potential to lower the threshold for commercial development of discoveries in the Bonaparte Basin. The increasing focus on developing undiscovered resources coupled with a more rigorous assessment of whether Retention Licences are granted or extended will bring these projects into sharper focus over the next two years.

Secondly, we are seeking to acquire producing assets and exploration/appraisal opportunities at attractive prices where we can add value through our existing skill set. We have demonstrated our ability to acquire acreage, identify an attractive opportunity and monetise that opportunity while providing MEO shareholders with material exposure to the upside potential without risking shareholder funds. This is a process that we aim to replicate.

Aligned with this approach is our focus on exploration permits where our skills can be applied to unlock missed opportunities or unlock value by challenging prevailing paradigms. There

are many examples of discoveries having been made close to or even within heavily explored areas as a result of new perspective or creative thinking.

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What stage have you reached in the farm-out process for the Greater Heron structure (Best Prospective Resource Estimate of 5.0 Tcf) which is part of the NT/P68 permit (MEO 100%) in the Bonaparte Basin?

MD & CEO Jürgen Hendrich

A number of prospective farminees have visited our data room and put in place management processes to evaluate the farm-in opportunity.

Our focus is on doing the right deal with the right partner. We have the luxury of not facing an imminent drill/drop decision so are able to give those parties the time they need to thoroughly evaluate the data without the pressures of an accelerated timeline.

Our published expectation is to conclude this process by the end of Q1 2011 or early Q2 2011.

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What are your priorities over 2011 for progressing your current portfolio of assets, including the Tassie Shoal Methanol Project (TSMP) and the Timor Sea LNG Project (TSLNGP)?

MD & CEO Jürgen Hendrich

Our first priority is to secure the right farminee for our Heron discovery and work with the new partner to plan and implement the appraisal program. Timing of this appraisal drilling will be determined with the farminee.

Successful appraisal is expected to confirm a supply of gas to underpin an LNG project. If the discovery has low to moderate levels of CO₂ such a supply could underpin the TSLNGP. In the event the CO₂ levels are high, there is sufficient gas to underpin several methanol plants if that is determined to be the optimal commercialisation option by the new Joint Venture.

Other commercialisation options will be identified, evaluated and agreed with the new partner.

Concurrently we will continue our efforts to secure gas for the TSMP. This may be via acquisition of equity in a field suitable for direct supply or blending with Blackwood gas, or through a gas purchase agreement with any of a number of the regional undeveloped gas fields. As part of this process we will continue discussions with regional resource custodians and rigorously demonstrate the substantial economic enhancements that commercialisation via the Tassie Shoal projects can bring.

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What are your plans for the AC/P50 and ACP/51 permits you recently acquired from Silverwave Energy?

MD & CEO Jürgen Hendrich

These permits represent the first exploration acreage addition to our portfolio since the Carnarvon permits were acquired in October 2007.

The areas around and adjoining the permits have been prospective for oil and liquids rich gas. Our focus will be on better understanding the source/reservoir/trap fundamentals of the region with a view to identifying play concepts which may have not been thoroughly evaluated in the permits.

We have applied for the regulatory approvals for the transfer of the permit equity and have commenced the process of reprocessing the seismic in the blocks. Our obligation in the next permit year is to acquire a modest amount of new seismic data.

Once we have the seismic data, we seek to identify prospects that may be worthy of drilling. In the event we are able to identify drillable prospects, we will seek a farminee to fund this drilling.

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Thank you Jürgen.

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