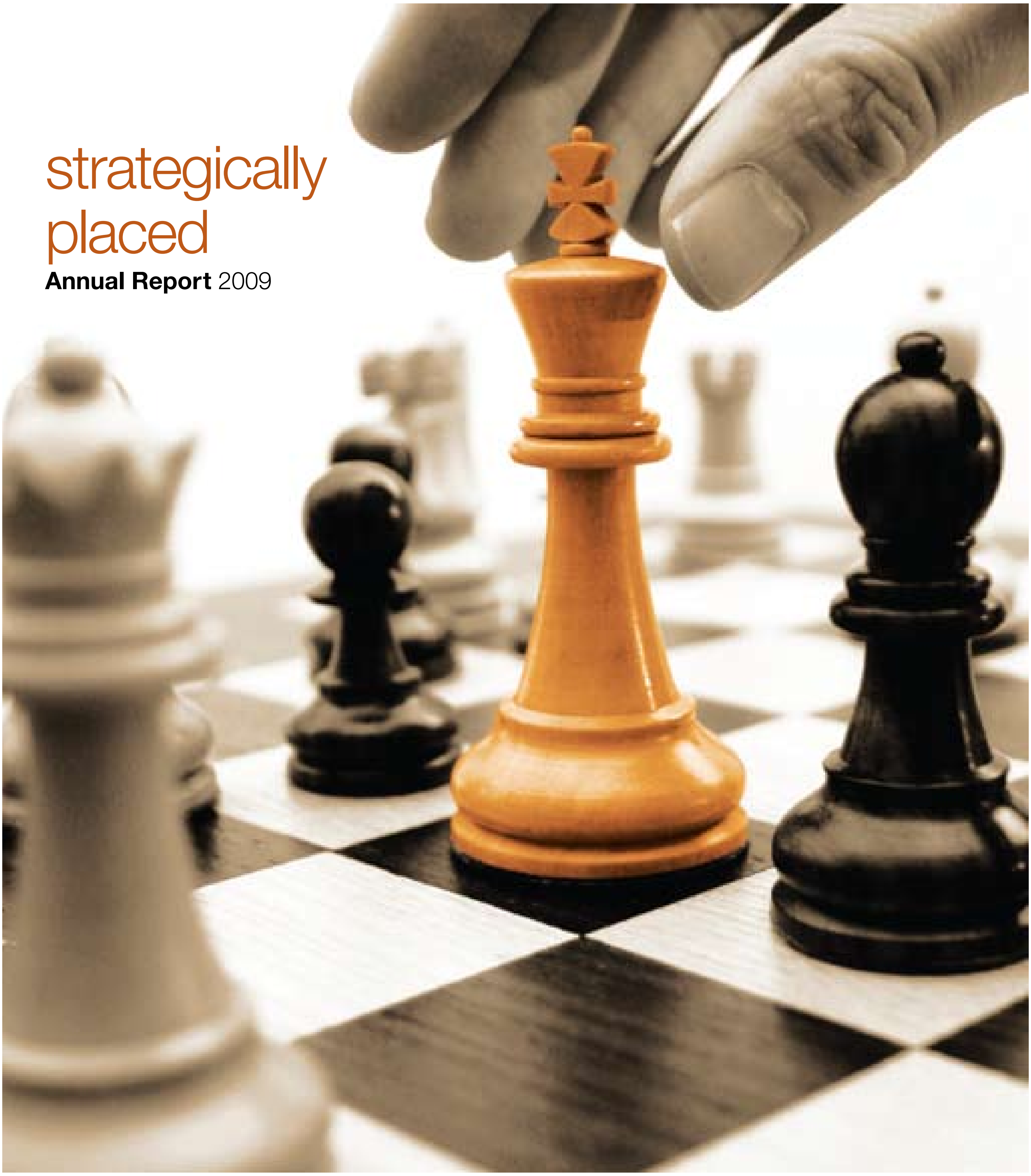
strategically placed

Annual Report 2009



MEOAustralia
energy for the future

Directory

Directors
Nicholas M Heath (Chairman)
Jürgen Hendrich (Managing Director and Chief Executive Officer)
Gregory A Short
Michael J F Sweeney
Stephen W Hopley

Company Secretary
Colin H Naylor

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Auditor
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Stock Exchange Listing
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ASX Code: MEO
Website www.meoaustralia.com.au

Incorporated 14 September 1994
Victoria, Australia

FORWARD LOOKING STATEMENTS

This Financial Report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

Caring

PACIA

The Company is a member of the Plastics and Chemicals Industries Association ("PACIA"), which is the pre-eminent national body and voice of chemical industry in Australia. PACIA member companies embrace the entire supply chain from producers of raw materials, such as methanol, to chemical and plastics manufacturers.

As a member of PACIA, the Company has committed to, and is proud to be an active participant in the Association's policies of Responsible Care®. These policies provide Codes of Practice for a range of activities including operational safety, resource sustainability and preservation of the environment.

APPEA

In 2007 the Company became a proud member of the Australian Petroleum Production and Exploration Association (APPEA) and subscribes to the association's social responsibilities, safety and environmental standards for the exploration and production of oil and gas assets. APPEA membership compliments the Company's membership of PACIA.

Inside this report

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Chairman's Message

Nicholas Heath

Notwithstanding the chaos of global financial markets and the collapse in the oil price over the past twelve months, your company has managed to conclude the year on a relatively strong footing. We have a talented management team, a list of active projects and cash in the bank. But without doubt, our major disappointment was that the Zeus-1 wildcat well drilled in WA-361-P failed to encounter hydrocarbons. Despite that geological failure, all credit is due to the management team for a well that was drilled by the book on a tight budget and with no significant environmental or safety incidents, despite having to deal with two cyclones. We gained valuable geological knowledge from the Zeus-1 well.

Prior to the end of calendar 2008 we were successful in working with the government and our co-venturers to extend the timing deadlines relating to permit work commitments so that we could properly reflect on the results of Zeus-1 and assess the impact of these results on the hydrocarbon potential of WA-360-P and WA-359-P. We concluded that additional 3D seismic was required to properly evaluate the Artemis prospect in WA-360-P.

Subsequent seismic data acquired over the Artemis prospect revealed the potential for a major new gas field in close proximity to well-established LNG infrastructure. At present we are in the process of assessing farm-in partners to assist us with the drilling of Artemis-1 and potential follow-up wells in WA-360-P.

During the year, we began interpretation of 3D seismic data acquired in NT/P68 in the Timor Sea covering most of the greater Blackwood structure. It is intended to complete this work and seek farm-in partners to assist with the appraisal of Blackwood. Further appraisal of the Heron discovery is also planned.

During the year there have been continuing efforts to secure feed for the Tassie Shoal Methanol and LNG projects. Discussions have been held with a number of interested parties and we have been encouraged by the more positive tone which has entered the discussions as industry gains confidence that global markets are gradually recovering. Governments are taking a closer look at the issue of stranded gas and there is increasing pressure for custodians of stranded gas to be more creative in their approach to commercialisation.

In the meantime, the engineering team has been enhancing the Methanol and LNG project designs and revising cost estimates in the light of changing construction markets. Ways have been identified to reduce costs and improve the efficiency of operation.

Given that MEO has built a strong geoscience team with sound commercial support, your Board has taken the view that the best way to capture value from the exploration permits we currently hold is to farm down those interests and to re-deploy that value into other prospective acreage. With our experience in methanol as an alternative gas commercialisation strategy we may also find other places where this engineering expertise can be used to our advantage. Because we have the skilled staff, we believe MEO is well placed to execute this strategy. We will also be looking for new areas where we can add value through exploration, appraisal and commercialisation involving both oil and gas.

At this time last year, MEO was undergoing some significant changes in both Board and management personnel. Normally it would not be an easy task to transition from a company managed by its Co-founder with an established Board to a company managed by a new Managing Director and overseen by an entirely new Board. I am very proud to have been asked to lead the new Board of MEO and can assure you that your Directors are very conscious of the importance of their role in guiding MEO's progress. The Board is delighted to have overseen the creation of a really strong, creative management team under the stewardship of Jürgen Hendrich. I would also like to acknowledge the support provided to us by Chris Hart to ensure this smooth transition. The end result has been the establishment of a management team which is displaying the highest quality of technical and commercial work while at the same time prudently managing the company's valuable cash resources.

In the coming months and years I expect you will see further steps made to grow MEO beyond the current key project areas in Western Australia and the Northern Territory. I am confident that the journey will be very exciting and I hope most rewarding.

Nicholas Heath
Chairman

30 September 2008

ActivityReport

Jürgen Hendrich

MEO commenced the year with a strategic and funding alliance with Resource Development International (RDI) covering its four exploration permits and approved gas processing projects in the Timor Sea. The ensuing global financial crisis saw the demise of MEO's 2nd largest shareholder – Lehmann Brothers – concurrent with the collapse of confidence in world financial markets. As a result of this turmoil, the proposed Initial Public Offering (IPO) of RDI was cancelled. RDI's options over MEO's projects subsequently lapsed with the exception of WA-361-P where RDI had already committed to drilling the Zeus-1 well. Unfortunately, Zeus-1 drilled in early 2009 failed to discover hydrocarbons. Mineralogy (the parent entity of RDI) subsequently divested its substantial shareholding in MEO and our largest shareholder Xtract Energy Plc also divested its shareholding and re-invested the proceeds in its onshore Turkey projects.

Following the lapse of RDI's options over the company's projects and permits, MEO concentrated its technical efforts on WA-360-P (70%) and unearthed the ~12 Tcf East Artemis prospect on trend with the most recent large gas discoveries – Wheatstone (2004) and Pluto (2005) – in Australia's premier established LNG province, the Carnarvon Basin offshore Western Australia. At the time of writing, MEO was in negotiations with prospective farminees seeking to Joint Venture with us to drill this exciting prospect.

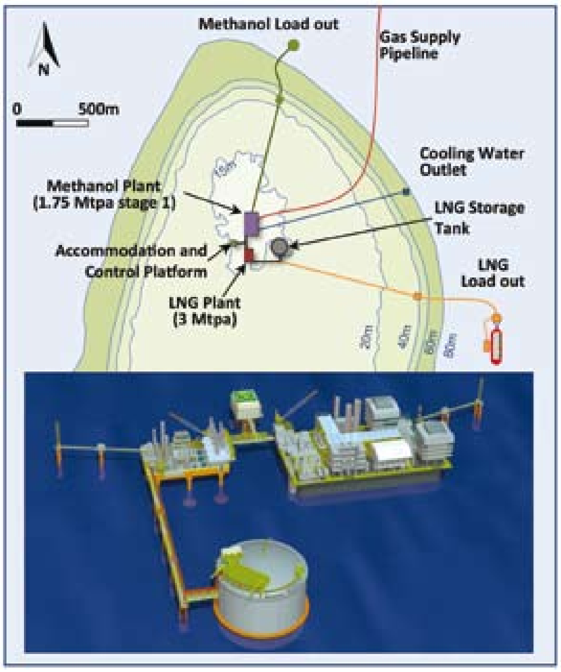
PROJECT OVERVIEW

Our core development asset is the approved gas processing projects proposed for Tassie Shoal, an area of shallow water in the Timor Sea some 275km north west of Darwin. These projects have received Environmental Approvals which remain in place until 2052, from the Commonweath Government under the Environment Protection and Biodiversity Conservation (EPBC) Act (1999). These approvals are for a single 3 million tonne per annum (Mtpa) LNG plant and two 1.75 Mtpa methanol plants together with associated support infrastructure.

MEO requires gas supplies for these projects and during the year continued negotiations with custodians of 3rd party gas resources. The Operator and 40% owner of the nearby Evans Shoal gas field – Santos – unsuccessfully endeavoured to sell its interest in that field in the first half of 2009.
The proximity of the Evans Shoal gas discovery to Tassie Shoal and its ~25% CO_2 content, indicates to MEO that the only commercially viable option for development is via its approved methanol plants which require up to 25% CO_2 in the input gas stream for optimal performance. The development of this field on Tassie Shoal would establish the nucleus of an infrastructure hub in a region containing several undeveloped gas fields.

In the appraisal category, MEO has two gas discoveries in its NT/P68 exploration permit in close proximity to Tassie Shoal. Both discoveries were made in early 2008 with Heron potentially a liquids rich gas discovery that could be suitable for LNG, while Blackwood is clearly a dry gas with 25-30% CO_2 suitable for methanol. The exploration permit expires in early 2010 and MEO is in the process of renewing its tenure to the permit.

MEO also has three contiguous exploration permits offshore Western Australia. These permits are immediately outboard from and on trend with the gas fields that supply the North West Shelf Gas Project, Australia's flagship LNG project which has been supplying LNG to export markets since 1989.



PETROLEUM EXPLORATION ACTIVITIES

MEO is the Operator in each of the following permits with the Joint Venture partners as shown:

Bonaparte Basin			
Permit/Discovery	**MEO**	**Petrofac^**	**Remarks**
NT/P68	90%-100%	0%-10%	Completed 1st well of 2-well farm-in deal
Heron	90%	10%	Petrofac participated in Heron-2
Blackwood	100%	0%	MEO 'sole-risked' Blackwood-1

^ Petrofac is listed on the London Stock Exchange (LSE: PFC)

Carnarvon Basin						
Permit	**MEO**	**RDI+**	**Cue#**	**GasCorp***	**Exoil***	**Remarks**
WA-361-P	35%	35%	15%	15%	0%	RDI farmed in to drill Zeus-1
WA-360-P	70%	0%	15%	15%	0%	MEO is farming out up to 50%
WA-359-P	60%-70%	0%	15%-20%	0%	15%-20%	MEO has option to drill a well

+ RDI is 100% owned by Mineralogy an unlisted entity associated with Prof. Clive Palmer

Cue Energy is an ASX listed company (ASX: CUE)

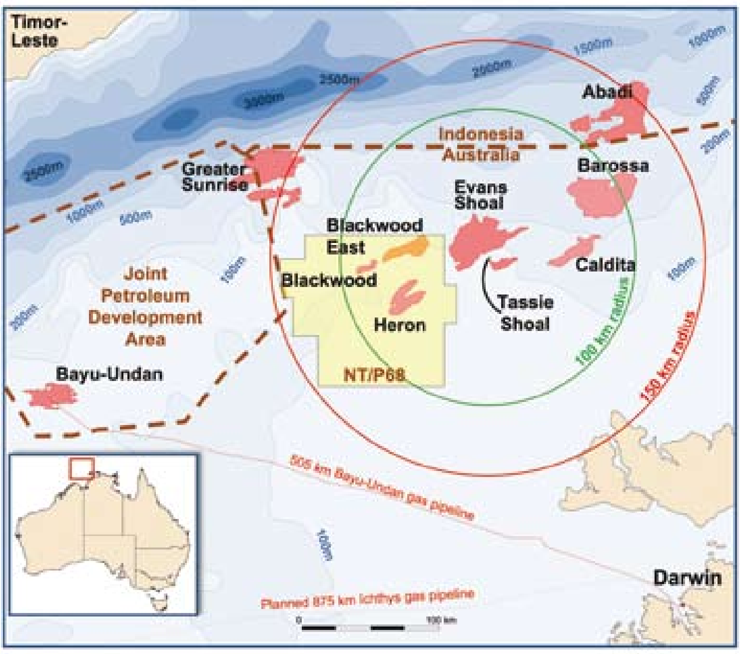
* GasCorp & Exoil are unlisted public entities associated with E.G. Albers

Exploration Permit NT/P68 – Bonaparte Basin, Timor Sea (MEO 90%-100%)

Exploration permit – NT/P68 – covers ~12,000 km^2 in the Australian waters of the Timor Sea ~275 km north west of Darwin. MEO will apply to have the permit renewed for an additional five years from February 2010 following a 50% relinquishment of the permit.

Heron gas discovery (MEO: 90%)

Heron is an exciting gas discovery that deserves additional appraisal. Unfortunately, the Heron-2 well drilled in early 2008 could not definitively test the >200m interpreted gross gas column displaying a liquids rich gas signature on mud logs acquired while drilling. A collapsed borehole and cyclone interruptions meant the well had to be abandoned. Several companies have made unsolicited approaches to MEO because they also recognise the untested potential of this discovery. In the event that liquids rich gas that is low in CO_2 is delineated at Heron, the Company has an obvious commercialisation route via its approved LNG project proposed as one of its Tassie Shoal gas processing projects (refer page 05).

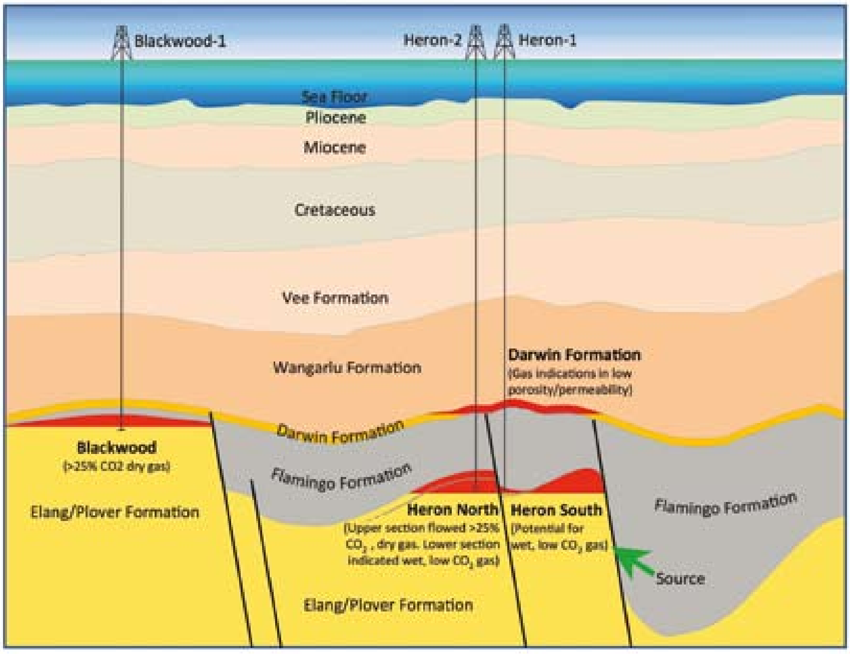


Blackwood gas discovery (MEO: 100%)

In contrast to the potentially liquids rich Heron gas discovery, Blackwood is a dry gas with up to 30% CO_2 and a 49m gross gas column in the Plover formation making it a suitable feed for methanol. MEO acquired a 384km^2 3D seismic survey immediately following the drilling of Blackwood-1. The results indicated the well was drilled on a fault. Two key questions that require further investigation are:

a) what is the extent of the structure (ie how big is it?) and

b) whether the reservoir parameters at Blackwood-1 were impacted by proximity of the well to faulting?



Gas processing projects proposed for Tassie Shoal (MEO: 50-90%)

MEO has received Commonwealth environmental approvals to construct, install and operate one 3 Mtpa LNG project known as the Timor Sea LNG project (TSLNGP) and two 1.75 Mtpa methanol projects known as the Tassie Shoal Methanol Project (TSMP) on Tassie Shoal, an area of shallow water in the Australian waters of the Timor Sea approximately 275 km north-west of Darwin, Northern Territory. These approvals are valid until May 2052. The projects are designed to share infrastructure, logistic support systems and benefit from a number of production process synergies. The projects can cater for a range of CO_2 quality gas and are located centrally to seven undeveloped gas fields.

Timor Sea LNG Project (TSLNGP, MEO 90%)

The 3 Mtpa TSLNGP requires approximately 3 Tcf of clean, low CO_2 (<4%) gas to operate for 20 years. Gas supply for the LNG plant could come from a number of regional gas fields facing economic challenges imposed by long distances from land and expensive construction costs.

During 3Q'2009 MEO commissioned WorleyParsons to undertake a cost review of the TSLNGP and provide a like-for-like cost estimate of building a similar sized plant in Darwin. The results indicated that the combination of pipeline cost savings and construction cost savings by building the plant entirely in SE Asia and transporting it as a single completed module would save in excess of US$1 billion or more than 1/3 of the cost of locating a similar sized plant in Darwin.

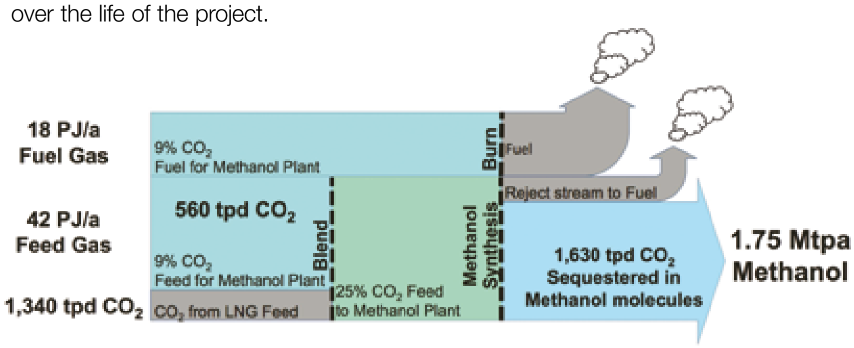
MEO continued to assess LNG load out options including a conventional jetty & tugboat system and the Torp HiLoad system which uses an automated semi-submersible system that attaches to conventional LNG vessels and uses cryogenic flexible hoses. The Company continues to favour the HiLoad system as it currently provides greater flexibility in a wider variety of sea state conditions over the life of the project.

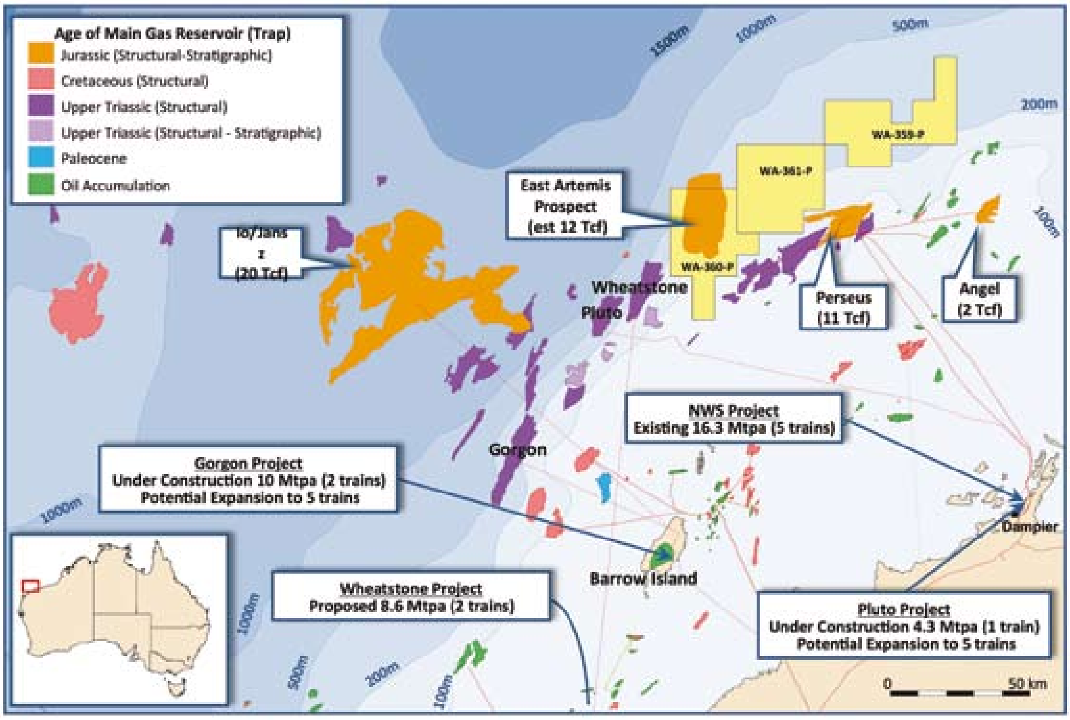
Tassie Shoal Methanol Project (TSMP, MEO 50%)

Any solution for monetising stranded gas in the Timor Sea must include an economically viable solution for dealing with CO_2 challenged gas. The Gorgon JV is proposing to separate up to 80% of the CO_2 from the 9% CO_2 in the input gas stream supplying the Gorgon LNG project and geo-sequester the CO_2 in reservoirs beneath Barrow Island. While geo-sequestration remains an option for the Timor Sea, MEO considers that chemical sequestration of CO_2 into methanol represents an economically superior alternative to geo-sequestration, whereby the investment in capital to deal with CO_2 disposal actually creates a saleable product.

MEO proposes the staged construction of two large natural gas reforming and methanol production plants, each with an annual production capacity of 1.75 million tonnes on its own concrete gravity structure (CGS). Each pre-fabricated and pre-commissioned plant will be towed to Tassie Shoal and grounded for operation using sea water ballast. These plants can deal with input gas containing up to 25% CO_2 thereby offering gas custodians in the region a compelling case for development of stranded gas via a Tassie Shoal gas processing hub.

The Company continues to engage with resource custodians in their region who are re-visiting the resource development plans in the light of Resources Minister Ferguson's commitment to more stringently apply commercialisation tests to undeveloped resources. These conversations are beginning to be taken seriously.





North West Shelf Exploration Permits, Carnarvon Basin, Western Australia

In October 2007, MEO farmed into three contiguous permits WA-361-P, WA-360-P and WA-359-P located in Australia's premier established LNG province offshore Western Australia. The deal involved earning a 60% interest in each permit by meeting the outstanding work obligations which involved a seismic acquisition program. Thereafter, MEO had until 1 January 2009 (the drill/drop option), to commit to funding the commitment well in each permit to earn a 70% interest. The existing JV partners had the option to participate in each well for a combined 10% interest on ground floor terms.

WA-361-P (MEO 35%)

In July 2008, MEO secured RDI as a farm-in partner for the drilling of Zeus-1, a multi-Tcf stratigraphic target. RDI agreed to fund 80% of the well costs to a cap of US$31.25m to earn a 35% share in the permit. This commitment allowed MEO - as one of a five member consortium - to enter into a contract with the owners of the Songa Venus semi-submersible drilling rig and take the first slot in a 376 day program.

MEO intended to retain at least a 25% interest in the permit. The original custodians did not exercise their option to contribute a combined 10% paying interest to the well and their combined interest subsequently reverted to MEO.

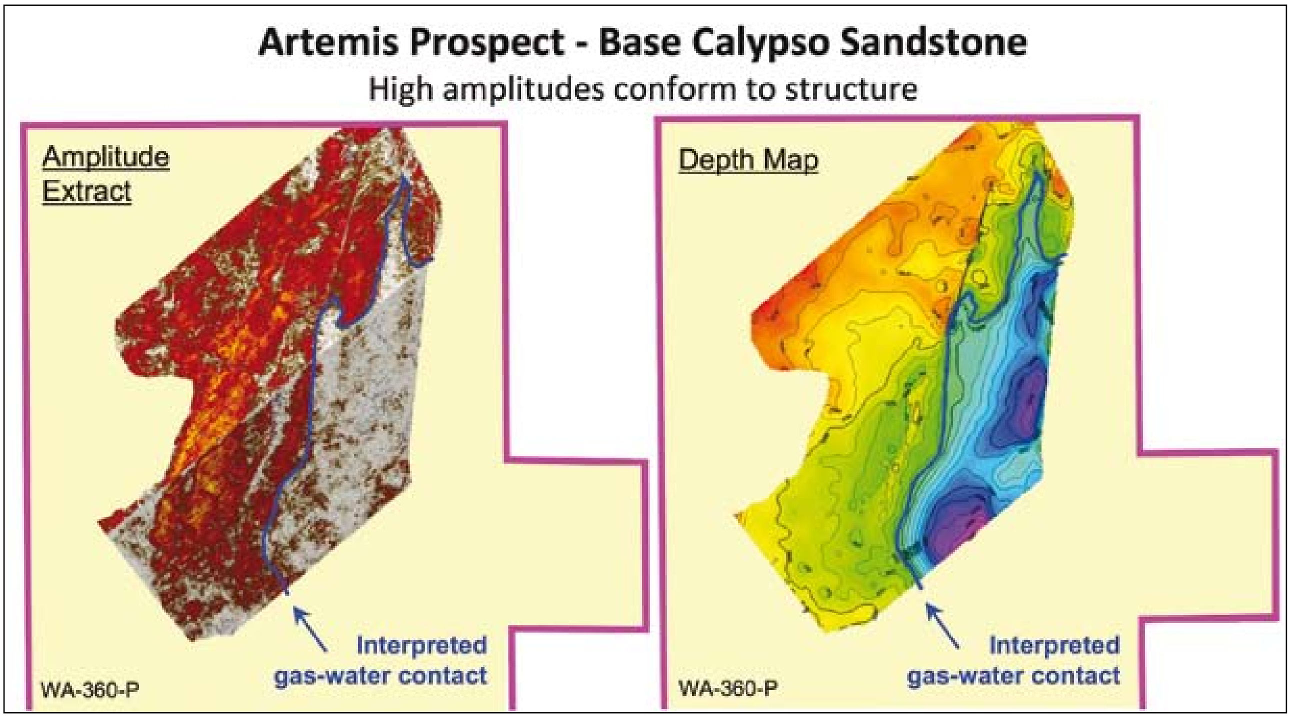
The Songa Venus was handed over to MEO on January 8th and arrived at the Zeus-1 location on 16th January. Drilling commenced on 17th January and reached a total depth of 3,642m on 10th February. Following a wireline logging program including formation pressures and sampling, the well was plugged and abandoned without encountering significant hydrocarbons. The rig was subsequently released on 18th February. All operations were performed without any lost time injuries and without environmental incident despite de-manning the rig twice due to cyclonic weather.

Notwithstanding the disappointing result at Zeus-1, MEO remains of the view that its North West Shelf acreage remains prospective for substantial gas resources.

WA-360-P (MEO 70%)

MEO endeavoured to have the results of Zeus-1 prior to the expiry of its drill/drop option. When it became apparent the Songa Venus would be delayed into 2009, MEO re-negotiated a 12 month extension to the drill/drop option. This involved securing a 12 month suspension and extension of permit year 4 and the commitment to acquire a minimum 175 km^2 additional 3D seismic to define the northern extent of the Artemis prospect identified on the 2007 MEO 3D seismic survey. MEO acquired the 250 km^2 Artemis 3D seismic survey in March and by paying for 90% of the survey, increased its interest in the permit to 70%.

MEO launched the farmout of the permit in late April 2009, concurrently with the technical evaluation of the permit and prior to the results of the Artemis 3D seismic survey becoming available. This was done due to the time constraints imposed by the year end drill/drop option. In early July, the Artemis 3D survey was received in house and dramatically upgraded the potential of the prospect. In doing so however, the technical basis for explaining the prospect needed to be refined. Under extremely difficult market conditions



and in less than optimal circumstances, the MEO technical team nonetheless achieved enormous traction during the farmout process with some of the world's largest and most respected energy companies.

At the time of writing, MEO was in advanced negotiations with prospective farminees and was seeking to close a transaction during October.

WA-359-P (MEO 60-70%)

The drill/drop option for this permit was also extended by 12 months to 31 December 2009 to allow the Zeus-1 results to be incorporated into the forward plans. In consideration for the 12 month extension, MEO undertook to reprocess sufficient existing 3D seismic data to mature the Hephaestus Lead into a drillable prospect. This obligation was contingent upon a successful result at Zeus-1 and subsequently lapsed. MEO obtained a work program variation from the Designated Authority whereby the Year 5 commitment well was swapped into permit Year 6 commencing 1 February 2010.

SUMMARY

MEO enters the new reporting period strategically placed to crystallise material potential value inherent in its portfolio for shareholders. Its planned gas processing projects proposed for Tassie Shoal make more commercial sense than ever before, particularly in the current external climate where the spectre of 'use-it-or-lose-it' is looming for resource custodians. The previous 'sub-economic' pledges as a basis for not developing resources will be subjected to intense scrutiny when retention licences come up for renewal.

Our NT/P68 exploration permit reaches the end of its initial six year term in February 2010. MEO will relinquish 50% of this large permit and retain all of the permit it considers prospective for hydrocarbons, including the Blackwood and Heron gas discoveries. Once permit tenure has been renewed, MEO will undertake sufficient technical work ahead of seeking to attract a partner to assist with appraisal drilling.

On the North West Shelf, MEO has identified tremendous potential in WA-360-P, the subject of a farm-out transaction at the time of writing. The Company is confident of attracting a high calibre partner to fund the drilling of the ~12 Tcf Artemis prospect, on trend with the Pluto (under development) and Wheatstone (entering FEED) gas discoveries.

The MEO team has been transformed during the past 12 months, both at a board and an executive level to deliver the technical and commercial excellence required to drive positive shareholder value irrespective of the prevailing external climate.

Directors' Report

For The Year Ended 30 June 2009

The directors of MEO Australia Limited (variously the "Company", "MEO" and "MEO Australia") submit their report for the financial year ended 30 June 2009. MEO Australia is a company limited by shares, incorporated and domiciled in Australia.

1. DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. The directors were in office during the entire period unless otherwise stated.

Nicholas M Heath B.Eng (Chem) (Hons)
Chairman *(Appointed independent non-executive director 12 May 2008, appointed Chairman 13 November 2008)*

Mr Heath is a chemical engineer with over 35 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 has been appointed to the Audit Committee. Mr Heath also serves on the Board of ASX listed coal seam gas company – Metgasco Limited (ASX: MEL).

Mr Heath is Chairman of the Remuneration and Nomination Committee.

Jürgen Hendrich B.Sc. (Geology) (Hons), PDM
Chief Executive Officer *(Appointed 16 June 2008) and Managing Director (Appointed 25 July 2008)*

Mr Hendrich brings over 24 years experience as a petroleum geologist and investment banker to MEO Australia. He began his career with Esso Australia as a petroleum geologist and progressed from technical roles to commercial roles including strategic planning, Joint Venture relations and business evaluation. His investment banking career began with JB Were (now Goldman Sachs JB Were) where he became a top rated Energy Analyst prior to moving into funds management and eventually his own consulting practice specialising in providing strategic advice to emerging companies. He was a Director, Corporate Finance with Tolhurst for two years prior to joining MEO and is a non-executive director of ASX listed Segue Resources (ASX: SEG).

Gregory A Short B.Sc (Geology) (Hons)
Independent Non-Executive Director
(Appointed 14 July 2008)

Mr Short retired from ExxonMobil in 2006 after a 33 year career as a geologist. He has extensive international experience in predominantly managerial roles in Malaysia, Africa and North America and spent the last 15 years of his career in management assignments that included Exploration Manager for USA, Chad and Nigeria as well as serving seven years in Angola as Geoscience Director. Mr Short brings valuable experience in taking several start-up ventures from exploration through to development and production start-up to MEO Australia.

Mr Short is a member of the Audit Committee.

Stephen Hopley PhC(Vic), DipFP(Deakin), GMQ (AGSM)
Independent Non-Executive Director
(Appointed 1 October 2008)

Mr Hopley enjoyed a 14 year career with Macquarie Bank from 1989 until his retirement in 2003. For the last 4 years of his career, Mr Hopley acted as Division Director of the Financial Services Group with responsibility for Advisor Relationships and Distribution. Mr Hopley successfully developed and implanted a range of new products for distribution and led a number of sales teams that achieved outstanding sales results and was responsible for the two largest retail cash products in the industry.

Mr Hopley has served on a number of Boards, foundations, committees and not for profit organisations. He is a past Board member of the Education Foundation of Australia, the Lord Mayor's Charitable Fund and is a past Securities Industry Education Chair of Task Forces in relation to final subjects in the Graduate Diploma in Financial Planning. He devotes part of his time as a business coach and mentor to a number of early stage enterprises.

Mr Hopley is Chairman of the Audit Committee.

Michael J F Sweeney LLB, FAIMA, FCIArb, Chartered Arbitrator
Independent Non-Executive Director
(Appointed 1 October 2008)

Mr Sweeney practices as a Barrister at the Victorian Bar, Melbourne, specialising in the fields of energy and resources law, competition law/third party access regimes, joint ventures and generally in commercial and contract law. He also specialises in alternative disputes resolution, particularly arbitration both as qualified arbitrator and as counsel in arbitrations.

Mr Sweeney was the senior managing executive (prior to this, general counsel and company secretary) of the Mitsubishi and Mitsui interests (MIMI) in the Australian North West Shelf (NWS) Gas Joint Venture from 1986 to 1996. He served as a member of the NWS Joint Venture Project Committee and was deputised to the Board of the North West Shelf LNG Shipping Company. He was a member of the Tokyo based Operating Committee responsible for overseeing MIMI's investments in Australia.

Mr Sweeney is a member of the Remuneration and Nomination Committee.

Warwick Bisley B.Eng (Mech) (Hons) FTSE, FRACI, FIE Aust, MAICD
(Appointed 18 October 2001and resigned 13 November 2008)

Mr Bisley is a mechanical engineer with extensive domestic and international senior management experience in the petrochemical industry wholly with Esso/Exxon companies. Mr Bisley was Chairman of MEO from 1 July 2005 and served on the Remuneration and Nomination Committee.

Christopher R Hart FAICD
(Appointed 21 June 1995 and resigned 30 September 2008)

Mr Hart co-founded Timor Sea Petroleum NL (the precursor to MEO Australia) and remained Managing Director until July 2008.

Andrew J Rigg B. Sc (Geology). (Hons) MAICD *(Appointed 28 November 1997 and resigned 31 October 2008)*

Mr Rigg is a petroleum geologist with wide experience in significant Australian and international petroleum exploration and production projects, including CO_2 sequestration. Mr Rigg was the Chairman of the Audit Committee.

James M D Willis
(Appointed 28 November 1997 and resigned 11 July 2008)

Mr Willis is the managing director of a group of Melbourne based privately controlled oil and gas exploration companies. Mr Willis was Chairman of the Remuneration and Nomination Committee.

2. COMPANY SECRETARY

Colin Naylor
Chief Financial Officer *(Appointed 5 February 2007)* Company Secretary *(Appointed 23 February 2007)*

Mr Naylor has previously worked in senior financial roles in major resource companies and is a Fellow of CPA Australia.

3. BOARD AND COMMITTEE MEETINGS

The following table sets out the members of the Board of Directors and the members of the Committees of the Board, the number of meetings of the Board and of the Committees held during the year and the number of meetings attended during each director's period of office.

	Board of Directors		Audit Committee		Remuneration and Nomination Committee	
	A	B	A	B	A	B
N M Heath	6	6	2	2	2	2
J H Hendrich	6	6	-	-	-	-
S W Hopley	4	4	3	3	-	-
G A Short	5	6	3	3	-	-
M J F Sweeney	4	4	-	-	2	2
W Bisley*	3	3	-	-	-	-
C R Hart**	2	2	-	-	-	-
A J Rigg***	2	2	2	2	-	-
J M D Willis****	-	-	-	-	-	-

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

* Mr Warwick Bisley (resigned November 2008)
** Mr Christopher R Hart (resigned September 2008)
*** Mr Andrew J Rigg (resigned October 2008)
**** Mr James M D Willis (resigned July 2008)

In addition to the formally constituted Board of Directors meetings set out above, Directors held a one day strategy meeting and also held weekly phone hook-up meetings during the drilling of the Zeus-1 well.

4. REMUNERATION REPORT (AUDITED)

The Remuneration Report outlines the remuneration arrangements in place for directors and executives in accordance with Section 300A of the Corporations Act 2001 and its Regulations.

The information provided in this Remuneration Report has been audited as required by Section 308 (3C) of the Corporations Act. This Remuneration Report forms part of the Directors' Report.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and executives.

The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

The structure of non-executive director and executive remuneration is separate and distinct.

4.1 Remuneration philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Competitive rewards are set to attract high calibre executives;
- Executive rewards are linked to shareholder value;
- A significant portion of executive remuneration is dependent upon meeting pre-determined performance benchmarks; and
- Appropriate performance hurdles are established in relation to variable executive remuneration.

The Company during the year has focussed on the drilling of the Zeus-1 exploration well, acquisition, processing and interpretation of 3D seismic over the Artemis structure in WA-360-P and actively promoted the farmout of part of MEO's interest in WA-360-P and continued to pursue Gas to Liquids developments on Tassie Shoal.

Creation of shareholder wealth is dependent upon a successful drilling program and/or the development of one or more of the GTL projects.

Accordingly, the Board's remuneration policy for executives includes the grant of rights with performance criteria linked to drilling and project development milestones and also the grant of rights with performance criteria linked to share price targets and market capitalisation.

In regard to share based remuneration the Company has an established overall Trading Policy in regard to directors and executives which provides appropriate guidelines, processes and restrictions on the sale of any shares and options in the Company by these officers and their related parties. Unless explicitly stated otherwise all options granted are non ASX listed options and as such have limitations on their marketability.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of high calibre, at a cost which is acceptable to shareholders.

The Constitution and ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by members in general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. At the Annual General Meeting held on 13 November 2008 shareholders approved an aggregate annual remuneration of up to $300,000 of which $180,929 was paid to non-executive directors during the year ended 30 June 2009 (2008: $150,905).

Each director has entered into an agreement as to the terms of their appointment as director of the Company and (other than the Managing Director) receives remuneration as a director, by way of fee or superannuation. Under such agreements current at the date of this report, there are no annual, long service leave or other termination entitlements. No remuneration is paid to directors for service on board committees or on the boards of wholly owned subsidiaries.

Non-executive directors have been granted options through the Senior Executive and Officers Option Plan to further align their interests as directors with those of shareholders. Non-executive directors have long been encouraged by the Board to hold shares in the Company. The Company facilitates this through the Directors' Share Savings Plan. Under the plan, non-executive directors are eligible to take up to 100% of their fees in the form of shares in the Company. The shares are purchased on market at the prevailing market share price. During the period of drilling the Zeus-1 well, the Board decided to suspend the purchase of shares under the Share Savings Plan.

Executive director and other key management personnel remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

4. REMUNERATION REPORT (AUDITED) CONT

In determining the level and make-up of executive remuneration, the Remuneration Committee reviews market levels of remuneration for comparable executive roles.

It is the policy of Remuneration Committee that employment contracts are entered into with the Managing Director and other executives and consultants covering the following key elements:

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed regularly by the Remuneration Committee. The Committee has access to external advice if required.

Variable Remuneration – Long Term Incentives

Senior Executives and Officers Option Plan

Executive directors and other key management personnel are entitled to participate in the Senior Executive and Officers Plan (see page 15 for details of options granted).

MEO Australia Performance Plan

Performance rights entitle recipients to one fully paid ordinary share in the Company for each right held, upon attainment of performance conditions and expiration of the vesting period in relation to the relevant shares. No other consideration is received or will be received by the Company in relation to the provision of the right or the vesting of shares.

Executive directors are granted performance rights in accordance with their employment or consultancy contracts, the terms of which provide for treatment of performance rights held on cessation of employment. The performance rights lapse on expiration of the performance period determined at grant, and on cessation of employment subject to arrangements for death, disability or retirement.

The Company purchases shares on market on behalf of the plan trustee to satisfy obligations under the rights upon satisfaction of performance conditions.

The amount recognised as remuneration in relation to performance rights in accordance with AASB 2 Share-based Payment is shown in Table 1 on page 13 and Table 2 on Page 14.

As at the date of this report, there are no Performance Rights outstanding.

Employment contracts

Managing Director and Chief Executive Officer Remuneration

On 16 June 2008, Mr Jürgen Hendrich joined MEO in the role of Chief Executive Officer, and on 25 July 2008 assumed the position of Managing Director and Chief Executive Officer. Mr Hendrich entered into an executive service agreement dated 20 May 2008, which commenced on 16 June 2008 and will continue until 1 July 2011. Under the major terms of the agreement:-

- Mr Hendrich received an initial fixed remuneration of $375,000 per annum plus superannuation which is reviewed by the Remuneration Committee at the completion of each twelve months of service.

  The Remuneration Committee and Board of Directors have approved a $25,000 per annum increase in the fixed remuneration component of the remuneration package with effect from 1 July 2009. The fixed remuneration from 1 July 2009 is $400,000 per annum plus superannuation.

- Mr Hendrich may resign from his position and thus terminate this contract by giving three months written notice. On resignation any unvested options will lapse.

- The Company may terminate this employment agreement after 30 June 2009 by giving three months' prior notice in writing and making a termination payment equal to twelve months base salary plus any accrued entitlements. Share options that have reached the target price on the date of termination will vest without the need for 50 trading days at or above the target price having been achieved. The expiry date for vested options is June 30, 2012.

- The Company may immediately terminate this employment agreement by giving written notice if serious misconduct has occurred. Where termination with cause occurs all options which have not been exercised at the date of termination of employment will automatically lapse.

Other Executives (standard contracts)

All executives have standard employment contracts. The Company may terminate the executive's employment agreement by providing written notice or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration). On termination of notice by the Company, any options that have vested or that will vest during the notice period will be released. Options that have not vested will be forfeited. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

4.2 Remuneration of key management personnel

For the purposes of this report Key Management Personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the group, directly and indirectly, including any director (whether executive or otherwise) of the parent company, and includes the executives in the parent company and the group receiving the highest remuneration.

For the purposes of this report, the term "executive" encompasses the Managing Director and Chief Executive Officer, the Chief Financial Officer and Company Secretary and the Commercial Manager.

Directors and executive officers

N M Heath	Chairman (independent non-executive) – appointed Chairman 13 November 2008
J Hendrich	Managing Director and Chief Executive Officer – appointed Chief Executive Officer 16 June 2008 and appointed Managing Director 25 July 2008.
G A Short	Director (independent non-executive) – appointed 14 July 2008
S W Hopley	Director (independent non-executive) – appointed 1 October 2008
M J F Sweeney	Director (independent non-executive) – appointed 1 October 2008
W Bisley	Chairman (independent non-executive) – resigned 13 November 2008
C R Hart	Managing Director – resigned 30 September 2008
A J Rigg	Director (independent non-executive) – resigned 31 October 2008
J M D Willis	Director (independent non-executive) – resigned 11 July 2008

Executives

C H Naylor	Chief Financial Officer and Company Secretary
R J D Gard	Commercial Manager – appointed 10 November 2008

Table 1: Remuneration for the year ended 30 June 2009

	Short Term		Post Employment		Equity Settled Share-based Payment		Long Term		
	Directors Fees $	Salary and Fees $	Non-monetary benefits $	Super-annuation $	Perfor-mance Plan $	**Option Plan $	Long Service Leave $	Total $	Perfor-mance Related %
Non - executive directors									
N M Heath	-	-	-	64,220	-	105,875	-	170,095	62.2
S W Hopley	-	-	-	29,975	-	28,650	-	58,625	48.9
G A Short	13,450	-	-	23,556	-	122,667	-	159,673	76.8
M J F Sweeney	20,000	-	-	9,975	-	28,650	-	58,625	48.9
Retired non - executive directors									
W Bisley	22,174	-	-	1,996	-	-	-	24,170	-
A J Rigg	10,000	-	-	900	-	-	-	10,900	-
J M D Willis	887	-	-	80	-	-	-	967	-
Sub-total non-executive directors	**66,511**	**-**	**-**	**130,702**	**-**	**285,842**	**-**	**483,055**	**59.2**
Executive director									
J Hendrich	-	375,240	-	33,772	-	693,596	171	1,102,779	62.9
Retired executive director									
C R Hart	-	150,185	-	11,314	-	-	-	161,499	-
Other key management personnel									
C H Naylor	-	178,900	-	61,100	-	21,310	3,583	264,893	8.0
R J D Gard	-	118,494	-	10,664	-	217	5,162	134,537	0.2
Sub-total executive KMP	**-**	**822,819**	**-**	**116,850**	**-**	**715,123**	**8,916**	**1,663,708**	**43.0**
TOTAL	**66,511**	**822,819**	**-**	**247,552**	**-**	**1,000,965**	**8,916**	**2,146,763**	**46.6**

* Refer Note 22 for fair value calculation of options

4. REMUNERATION REPORT (AUDITED) (CONT)

Table 2: Remuneration for the year ended 30 June 2008

	Short Term		Post Employment		Equity Settled Share-based Payment		Long Term		
	Directors Fees $	Salary and Fees $	Non-monetary benefits $	Super-annuation $	Perfor-mance Plan $	**Option Plan $	Long Service Leave $	Total $	Perfor-mance Related %
Non - executive directors									
W Bisley	60,000	-	-	5,400	-	-	-	65,400	-
N M Heath	-	-	-	4,491	-	15,125	-	19,616	77.1
S W Hopley	-	-	-	-	-	-	-	-	-
G A Short	-	-	-	-	-	-	-	-	-
M J F Sweeney	-	-	-	-	-	-	-	-	-
J A Newton	-	-	-	8,175	-	-	-	8,175	-
A J Rigg	30,000	-	-	2,700	-	-	-	32,700	-
J M D Willis	28,500	-	-	4,200	-	-	-	32,700	-
Sub-total non-executive directors	**118,500**	**-**	**-**	**24,966**	**-**	**15,125**	**-**	**158,591**	**9.5**
Executive directors									
W Dewé	-	64,650	-	21,021	40,975	-	-	126,646	32.4
C R Hart	-	245,478	26,620	102,902	77,822	-	-	452,822	17.2
Other key management personnel									
J Hendrich	-	*265,625	-	1,406	-	29,116	6,564	302,711	9.6
C H Naylor	-	176,988	-	15,929	-	74,489	6,875	274,281	27.2
Sub-total executive KMP	**-**	**752,741**	**26,620**	**141,258**	**118,797**	**103,605**	**13,439**	**1,156,460**	**19.2**
TOTAL	**118,500**	**752,741**	**26,620**	**166,224**	**118,797**	**118,730**	**13,439**	**1,315,051**	**18.1**

* Includes $250,000 commencement fee
** Refer Note 22 for fair value calculation of options

4.3 Details of performance related remuneration

4.3.1 Equity instruments

All options refer to options over ordinary shares of MEO Australia Limited, which are exercisable on a one-for-one basis under the Senior Executives and Officers Option Plan.

4.3.2 Options over equity instruments granted as compensation

Details on options over ordinary shares in the Company that were granted as compensation to key management personnel during the reporting period and details on options that vested during the reporting period are as follows:

Number of options granted during 2009

	Number of options granted during 2009	Grant date	Fair value per option at grant date ($)	Exercise price per option ($)	Expiry date	Vest date	Number of options vested during 2009
Directors							
N M Heath	1,000,000	21 Aug 08	0.1210	0.50	30 Nov 09	15 May 09	1,000,000
J Hendrich	1,000,000	21 Aug 08	0.1250	0.50	30 Nov 09	16 Jun 09	1,000,000
G A Short	1,000,000	21 Aug 08	0.1280	0.50	30 Nov 09	14 Jul 09	-
S W Hopley	1,000,000	13 Nov 08	0.0382	0.50	30 Sep 11	30 Sep 09	-
M J F Sweeney	1,000,000	13 Nov 08	0.0382	0.50	30 Sep 11	30 Sep 09	-
Executives							
C H Naylor	450,000	29 Jun 09	0.1072	0.50	30 Jun 12	30 Jun 10	-
C H Naylor	450,000	29 Jun 09	0.1328	0.50	30 Jun 12	30 Jun 11	-
R J D Gard	450,000	29 Jun 09	0.1072	0.50	30 Jun 12	30 Jun 10	-
R J D Gard	450,000	29 Jun 09	0.1328	0.50	30 Jun 12	30 Jun 11	-
C H Naylor*	-	-	-	-	-	-	200,000

* Options were granted in February 2007, fair value $0.3616, exercise price $0.50, expiry date 30 November 2009, vest date February 2009.

No options have been granted since the end of the financial year.

All options expire on the earlier of their expiry date or termination of the employee's employment. These options do not entitle the holder to participate in any share issue of the Company.

4.3.3 Exercise of options granted as compensation

There was no exercise of compensation options during the reporting period.

REMUNERATION REPORT (AUDITED) (CONT)

4.3.4 Analysis of options over equity instruments granted as compensation

Details of vesting profiles of the options granted as remuneration are detailed below.

	Options Granted				
	Number	Date	% vested in year	% forfeited in year (A)	Financial years in which grant vests
Directors					
N M Heath	1,000,000	21 Aug 08	100%	-%	30 Jun 09
J Hendrich	1,000,000	21 Aug 08	100%	-%	30 Jun 09
G A Short	1,000,000	21 Aug 08	-%	-%	30 Jun 10
S W Hopley	1,000,000	13 Nov 08	-%	-%	30 Jun 10
M J F Sweeney	1,000,000	13 Nov 08	-%	-%	30 Jun 10
W Bisley	1,000,000	13 Nov 06	-%	100%	-
W J Dewé	1,000,000	10 Nov 06	-%	100%	-
C R Hart	1,000,000	10 Nov 06	-%	100%	-
A J Rigg	1,000,000	10 Nov 06	-%	100%	-
J M D Willis	1,000,000	10 Nov 06	-%	100%	-
Executives					
J Hendrich	1,100,000	19 Jun 08	-%	-%	30 Jun 10
J Hendrich	1,100,000	19 Jun 08	-%	-%	30 Jun 10
J Hendrich	1,100,000	19 Jun 08	-%	-%	30 Jun 10
J Hendrich	2,000,000	19 Jun 08	-%	-%	30 Jun 10
C H Naylor	200,000	5 Feb 07	-%	-%	30 Jun 08
C H Naylor	200,000	5 Feb 07	100%	-%	30 Jun 09
C H Naylor	450,000	29 Jun 09	-%	-%	30 Jun 10
C H Naylor	450,000	29 Jun 09	-%	-%	30 Jun 11
R J D Gard	450,000	29 Jun 09	-%	-%	30 Jun 10
R J D Gard	450,000	29 Jun 09	-%	-%	30 Jun 11

4.3.5 Analysis of movements in options granted as part of remuneration

	Value of options granted during the year $ (A)	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
N M Heath	121,000	-	-	71.1
J Hendrich	125,000	-	-	11.3
G A Short	128,000	-	-	80.2
S W Hopley	38,200	-	-	65.2
M J F Sweeney	38,200	-	-	65.2
C H Naylor	108,000	-	-	40.8
R J D Gard	108,000	-	-	80.3
W Bisley	-	-	-	-
W J Dewé	-	-	-	-
C R Hart	-	-	-	-
A J Rigg	-	-	-	-
J M D Willis	-	-	-	-

(A) The value of options granted in the year is the fair value of the options calculated at grant date using a binomial option pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period (i.e. in years 1 July 2008 to 30 June 2012).

5. PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were the development of the Tassie Shoal Methanol Project, the Timor Sea LNG Project and oil and gas exploration in NT/P68 and North West Shelf Permits.

The Company had 10 employees at 30 June 2009 including directors (2008: 10). The Company also engages a number of full and part time consultants to assist in the development and management of its various activities.

6. RESULTS FOR THE YEAR

The net loss of the Group for the financial year, after provision for income tax, was $28,184,784 (2008: loss after tax of $1,870,636).

The successful drilling and commercialisation of any commercial oil and gas discoveries in NT/P68 and the North West Shelf Permits WA-359-P, WA-360-P and WA-361-P and/or the development of the Company's methanol and LNG Projects could ultimately lead to the establishment of a profitable business. While the Company is in the exploration/appraisal stage of drilling for hydrocarbons in NT/P68 and the North West Shelf Permits and in the project development phase, funding will be provided by equity capital raised from the issue of new shares and/or farm out or joint development arrangements with other companies.

Review of Financial Condition

At balance date the Company held cash and cash equivalents of $17,200,481. During the year the Company decreased the cash balance by $10,314,276 (before foreign exchange fluctuations) following net capital raisings of $11,118,668 and interest received of $985,338 which were used to meet exploration and capital cash outflows of $18,562,010 and net corporate costs of $3,856,272.

Share Issues

During the year the Company raised a total of $6,265,050 (before transaction and other costs of $588,253) from the proceeds from placement of 11,391,000 shares at $0.55 per share to Mineralogy Pty Ltd.

Trustee Share Sales

In July 2008 the Trustee of the MEO Trustee Share Plan, Doravale Enterprises Pty Ltd, disposed of 10,000,000 shares at $0.55 per share, raising $5,500,000.

At the date of this report there are 10,122,918 shares subject to the plan.

7. REVIEW OF OPERATIONS

Strategic alliance with RDI

MEO commenced the period by signing a strategic alliance with Resource Development International Pty Ltd (RDI) in July 2008 – whereby RDI was granted options to earn an interest in all of MEO's exploration permits and its proposed Tassie Shoal gas processing projects by funding a series of staged work programmes. Exercising the options required the successful Initial Public Offering (IPO) and subsequent Hong Kong listing of RDI. The Global Financial Crisis that unfolded during the second half of 2008 caused a deferral of the IPO and the options to farm-in to WA-359-P, WA-360-P and the Tassie Shoal Projects subsequently lapsed.

The relationship with RDI resulted in the placement to RDI's parent company - Mineralogy Pty Ltd - of 11,391,000 MEO shares at $0.55 each and the sale of 10,000,000 MEO shares held in the Trustee Share Scheme at $0.55 each raising a total of $11.8 million (before transaction costs). Mineralogy was also granted two million short dated (30 June 2009) options over MEO ordinary shares with an exercise price of $0.55 per option. These options expired without being exercised. Proceeds from the placement to Mineralogy were in part used to meet MEO's share of costs (approximately 20%) related to the Zeus-1 exploration well in WA-361-P. RDI contributed approximately 80% of the well costs to earn a 35% interest in the permit.

WA-361-P - Zeus -1 Exploration Well (MEO 35%)

On 16th January 2009 the Songa Venus semi-submersible drilling rig arrived at the Zeus-1 location in WA-361-P and was drilled to a total depth of 3,642 metres on 10th February 2009 without encountering hydrocarbons. The well was subsequently plugged and abandoned with the drill rig being released on 18th February 2009.

WA-360-P - Artemis Prospect (MEO 70%) and WA-359-P (MEO 60-70%)

In December 2008, MEO negotiated a 12 month extension to 31st December 2009 to the drill/drop option it has over WA-359-P and WA-360-P. In consideration for this extension, MEO committed to acquire at least 175 km^2 of new 3D seismic in WA-360-P and contingent upon a successful outcome for Zeus-1, to reprocess existing 3D seismic over the Hephaestus lead in WA-359-P. This reprocessing obligation subsequently lapsed.

The 250 km^2 Artemis 3D seismic survey was acquired in WA-360-P during March 2009. Processing of the data was completed on schedule by the end of June 2009. Interpretation of the new data resulted in a substantial upgrade to the size of the Artemis prospect in mid-July.

MEO launched a formal farmout process in late April 2009 for a portion of its 70% interest in WA-360-P to enable the company to exercise its option to make a commitment by 31st December 2009 to fund the drilling of the Permit Year 5 commitment well. This 12 month period commences 1st February 2010.

7. REVIEW OF OPERATIONS (CONT)

NT/P68 (MEO 90% in permit, MEO 100% in Blackwood gas discovery)

During the year, MEO completed interpretation of the Blackwood 3D seismic survey. This data together with the information obtained during the drilling of the Blackwood-1 well and Heron-2 well will be used as a basis to relinquish 50% of the permit area and renew tenure to the remainder of the permit for an additional 5 years. This renewal period commences in February 2010.

Tassie Shoal gas processing projects

The Company continues to progress its proposed gas processing projects that are designed to convert natural gas into readily transportable and marketable commodities, i.e. liquefied natural gas (LNG) and chemical grade methanol.

Commonwealth Government Environmental approvals were granted under the Environment Protection and Biodiversity Conservation (EPBC) Act 1999, for the Timor Sea LNG Project (TSLNG) in 2004 and the Tassie Shoal Methanol Project (TSMP) in 2002. In May 2009 the Company was advised by the Commonwealth Government that it had renewed the Major Project Facilitation (MPF) status until December 2011 for both projects. The company continues to promote Tassie Shoal as a regional development hub for the commercialisation of stranded gas resources in the region.

In June 2009, the Resources Minister Mr. Ferguson flagged prospective changes to criteria used to assess commerciality of discovered resources. The changes are designed to encourage resource custodians to develop resources or risk losing tenure to those resources. This is potentially very positive for the Tassie Shoal development hub where substantial undeveloped resources exist in close proximity.

Environment, Health and Safety

The Company believes that workplace injuries are avoidable. It has implemented policies and procedures to ensure employees and contractors conduct their activities in a safe manner. Directors specifically addressed Health, Safety and Environment issues at each Board meeting. MEO has adopted an environmental, health and safety policy and conducts its operations in accordance with the Plastics and Chemicals Industries Association (PACIA) and Australian Petroleum Production & Exploration Association (APPEA) Codes of Practice.

The upstream activity by the Company of seismic surveys, well site surveys and drilling operations all require Commonwealth and/or State/Territory approvals of environment plans and safety cases and the preparation of Environment Plans to manage the conduct of the activities and the contractors engaged by the Company to undertake the work.

A Health and Safety advisor was engaged specifically for the drilling of the Zeus-1 well. There were no reported environmental incidents or Lost Time Injuries (LTI's) during the drilling of the Zeus-1 exploration well (33 days on contract) in WA-361-P and the acquisition of 250 km^2 of 3D seismic (21 days) in WA-360-P using the MV Orient Explorer.

The Company's development activities on Tassie Shoal are subject to environment conditions specified in the Offshore Petroleum and Greenhouse Gas Storage Act (2006), associated Regulations and Directions, as well as the Environment Protection and Biodiversity Conservation (EPBC) Act (1999). During the year there were no known contraventions of any relevant environmental regulations.

8. DIVIDENDS

No dividend has been paid, provided or recommended during the financial year and to the date of this report (2008: nil).

9. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or state of affairs of the Group, in future financial years.

10. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company has advised that it was undertaking a farmout for part of MEO's 70% interest in WA-360-P which contains the Artemis prospect. The timetable for the farmout is based on receipt of indicative offers by end August 2009 with evaluation of offers during September and an announcement of a binding agreement on or before the end of September 2009. During the 2009/2010 financial year the Company will commence the process for farming-out part of MEO's interest in NT/P68.

11. DIRECTORS' INTERESTS

At the date of this report the relevant beneficial and non-beneficial interests of each of the directors in the shares and share options in the Company were:

	Ordinary Shares	30 November 2009 Options	30 September 2011 Options	Managing Director Options
N M Heath	916,341	1,000,000	-	-
S W Hopley	12,000	-	1,000,000	-
J Hendrich	1,261,000	1,000,000	-	5,300,000
G A Short	89,957	1,000,000	-	-
M J F Sweeney	139,984	-	1,000,000	-

The terms of the options are set out in Note 22 to the financial statements. Details, including fair value at date of grant of the options granted to directors, are set out in the Remuneration Report.

12. SHARE OPTIONS AND SHARE PERFORMANCE RIGHTS

Options granted to directors and executives of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following directors and to the following executives as part of their remuneration:

	Number of options granted	Exercise price per option ($)	Expiry date
Directors			
N M Heath	1,000,000	0.50	30 Nov 09
J Hendrich	1,000,000	0.50	30 Nov 09
G A Short	1,000,000	0.50	30 Nov 09
S W Hopley	1,000,000	0.50	30 Sep 11
M J F Sweeney	1,000,000	0.50	30 Sep 11
Executives			
C H Naylor	900,000	0.50	30 Jun 12
R J D Gard	900,000	0.50	30 Jun 12
Total	**6,800,000**		

All options were granted during the financial year. No options have been granted since the end of the financial year.

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of Shares
30 November 2009	$0.50	3,400,000
30 September 2011	$0.50	2,000,000
30 June 2012	$0.50	8,000,000

All options expire on the earlier of their expiry date or termination of the employee's employment. In addition, the ability to exercise the options is conditional on meeting the vesting conditions which are time based vesting conditions.

These options do not entitle the holder to participate in any share issue of the Company.

12. SHARE OPTIONS AND SHARE PERFORMANCE RIGHTS (CONT)

Shares issued on the Exercise of Compensation Options

During or since the end of the financial year, there has been no issue of ordinary shares as a result of the exercise of options.

Share Performance Rights

At 30 June 2008, 2,000,000 share performance rights granted to Mr C R Hart were outstanding. Mr Hart retired from the position of Managing Director in July 2008 and all performance rights lapsed.

13. INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company paid a premium in respect of a contract insuring all directors of the Company against legal costs incurred in defending proceedings as permitted by Section 199B of the Corporations Act 2001. Disclosure of premium details is prohibited under the policy.

14. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors have received the independence declaration from the auditor, Ernst & Young, set out on page 57.

Non Audit Services

During the financial year, no non-audit services were provided by the entity's auditor, Ernst & Young.

15. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the current financial year.

J HENDRICH

Managing Director & Chief Executive Officer
Melbourne, 17 September 2009

Corporate Governance Statement

In accordance with ASX Listing Rule 4.10.3, MEO is required to provide a statement in the annual report disclosing the extent to which the Company has followed the ASX Corporate Governance Council - Corporate Governance Principles and Recommendations, as updated in August 2007. The recommendations from the ASX Corporate Governance Council - Corporate Governance Principles and Recommendations are set out below in italics. MEO is required to disclose the corporate governance recommendations that have not been adopted and to state reasons why the recommendations have not been adopted.

Further information on the Company's corporate governance practices and policies is contained in the Corporate Governance section of the Company's website.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Board's primary role is the setting of the Company's values, direction, strategies and financial objectives and ensuring effective monitoring of corporate performance, capabilities and management of risk consistent with creating long term shareholder value and maintaining effective corporate governance. The Board will also appoint and monitor the performance of the Chief Executive Officer.

The Board has adopted a Board charter which outlines a framework for its operation and of those functions delegated to management. The charter is posted on the Company's website. The Board formally reviews all corporate governance policies and guidelines once a year to ensure they remain appropriate and relevant to the governance of the company's activities.

Recommendation 1.2 Companies should disclose the process for evaluating the performance of senior executives

Through the Chairman, the Board conducts an annual review of the performance of the managing director. The Board has completed a review of the performance of the Managing Director in June 2009. The Board evaluation included consideration of the performance of the managing director through the period of MEO as Operator for the drilling of the Zeus-1 exploration well, the development of farm-out opportunities for NT/P68 and WA-360-P, investor relations activities and stewardship of the company's financial resources.

Recommendation 1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.

Information provided in response to Recommendations 1.1 and 1.2 is in accordance with the disclosures indicated in the Guide to reporting on Principle 1.

Principle 2: Structure the board to add value

Recommendation 2.1 A majority of the board should be independent directors

Recommendation 2.2 The chair should be an independent director

Recommendation 2.3 The role of chair and chief executive officer should not be exercised by the same individual

Board composition

At the date of this report, the Board comprises 5 directors, 1 of whom is an executive director - Mr J Hendrich who was appointed Managing Director on 25 July 2008.

The independent non-executive directors are:

Mr N M Heath - Chairman
Mr G A Short
Mr S W Hopley
Mr M J F Sweeney

The Directors' Report sets out the attendance of directors at meetings of the Board and its committees during the year, and the skills, expertise and term of appointment of each Board member.

Independence

The Board has an annual assessment procedure to establish the independence of directors and has determined that during the year all non-executive directors were independent.

The staff resources available to the Board are limited at the present stage of the Company's development. Accordingly, the Board has determined that the specific skills of Board members may be called upon to assist management.

Chairman of the board

On 13 November 2008 Mr N M Heath, an independent non-executive director, was appointed Chairman of the Board replacing previous Chairman Mr W Bisley, also an independent non-executive director.

Recommendation 2.4 The Board should establish a nomination committee

Remuneration and nomination committee

The Board has adopted a charter for the role and responsibilities of the Remuneration and Nomination Committee, which is posted on the Company's website. The committee comprised the following non-executive and independent directors for the year:

Mr N M Heath -
appointed 13 November 2008

Mr M J F Sweeney -
appointed 13 November 2008

Mr J M D Willis -
retired 11 July 2008

Mr W Bisley -
retired 13 November 2008

Recommendation 2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors

The Chairman conducted interviews with each director to discuss their individual contribution to Board performance and to obtain their suggestions regarding improving overall performance of the Board. The Board as a whole met and discussed the feedback from these interviews conducted by the Chairman.

Recommendation 2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.

Information provided in response to Recommendations 2.1 to 2.5 is in accordance with the disclosures indicated in the Guide to reporting on Principle 2.

Principle 3: Promote ethical and responsible decision-making

Recommendation 3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- ***the practices necessary to maintain confidence in the company's integrity;***
- ***the practices necessary to take into account their legal obligations and the reasonable expectations of their shareholders;***
- ***the responsibility and accountability and investigating reports of unethical practices***

The corporate goal of the Company is to build an energy business providing lasting growth in shareholder value while at the same time maintaining a reputation for integrity and fairness. The Company has posted on its website "A Code of Conduct" that clarifies the standards of ethical behaviour required of directors, officers and employees. In summary this includes respect for the law; not allowing personal interests to result in a conflict of interest; responsible use of the Company's assets; acting with integrity, honesty, fairness and with dignity towards others; acting with responsibility and accountability for our actions.

Recommendation 3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

MEO has a Trading Policy that affirms the position of the Company concerning the trading by directors and employees in Company securities. Details of the Policy are posted on the Company's website.

Recommendation 3.3 Companies should provide the information indicated in the Guide to reporting on Principle 3.

Information provided in response to Recommendations 3.1 to 3.2 is in accordance with the disclosures indicated in the Guide to reporting on Principle 3.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1 The board should establish an audit committee

The Board has an Audit Committee.

Recommendation 4.2 The audit committee should be structured so that it:

- ***consists of only non-executive directors;***
- ***consists of a majority of independent directors;***
- ***is chaired by an independent chair who is not a chair of the board; and***
- ***has at least 3 members***

During the year the Audit Committee comprised 2 non-executive independent directors — the number of meetings attended by members is set out in the Directors' Report. Given the size of MEO, the Board considers two of the four independent non-executive members to be appropriate.

The appointment of Mr Hopley provides the Committee with a member who has substantial accounting/financial experience, and the appointment of Mr Short provides the Committee with a member who has substantial experience in the industry.

Recommendation 4.3 The audit committee should have a formal charter.

The charter for the role and responsibilities of the Committee is posted on the Company's website.

Recommendation 4.4 Provide the information indicated in Guide to reporting on Principle 4.

Information provided in response to Recommendations 4.1 to 4.3 is in accordance with the disclosures indicated in the Guide to reporting on Principle 4.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose policies or a summary of those policies.

The Company has established policies and procedures designed to ensure compliance with the ASX Listing Rule requirements such that:

- all investors have equal and timely access to material information concerning the Company, including its financial position, performance, ownership and governance; and
- company announcements are factual and presented in a clear and balanced way.

During the year the Chairman, Managing Director and Company Secretary authorised all disclosures necessary for compliance with ASX Listing Rule disclosure requirements.

Recommendation 5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.

Information provided in response to Recommendations 5.1 is in accordance with the disclosures indicated in the Guide to reporting on Principle 5.

Principle 6: Respect the rights of shareholders

Recommendation 6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Company has established a process for communicating with shareholders:

- using the Company's website to promote and to facilitate shareholder communications;
- using quarterly, half yearly and annual reports;
- placing all shareholder related information and Company ASX announcements promptly onto the website in an accessible manner
- encouraging shareholders at annual and other general meetings to ask questions of the directors regarding the Company's governance and business performance, and of the auditor regarding the conduct of the audit and the contents of the audit report.

Recommendation 6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.

Information provided in response to Recommendations 6.1 is in accordance with the disclosures indicated in the Guide to reporting on Principle 6.

Principle 7: Recognise and manage risk

Recommendation 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Board is responsible for overseeing the effectiveness of risk management systems. The Board has adopted the enterprise risk management – integrated framework from the Committee of Sponsoring Organisations of the Treadway Commission (COSO) which is widely recognised as the global standard on enterprise risk management.

The Company's activities are currently centred on progressing the commercialisation of its upstream assets and advancement of its projects to the financial commitment stage, processes, which for the Company have both uncertainty and moderate to high risk. Existing policies and procedures are appropriate for the business at this stage of its development. At each major milestone of these processes, specific risk oversight and management policies will be developed consistent with activities at that time.

The systems of internal financial control have been determined by the Board as adequate to provide appropriate, but not absolute, protection against fraud, material misstatement or loss.

Recommendation 7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Given the size of MEO, the Board and management have not designed a unique risk management and control system.

The Board defines the risk to be any event that, if it occurs, will have a material impact (whether financial or non-financial) on the Company's ability to achieve its objectives. The Board has established various policies and practices designed to identify and manage significant business risks, including:

Company business plan and approval of budgets;

(ii) Detailed monthly financial and operational reporting to the Board;

(iii) Policies regarding internal controls, authority levels for expenditure;

(iv) Policies and procedures relating to health, safety and environment;

(v) Policies and procedures in relation to financial controls and treasury matters; and

(vi) Day to day responsibility for risk oversight and management is delegated to the Chief Executive Officer & Managing Director, who is primarily responsible for identifying, monitoring and communicating risk events to the Board and responding to risk events.

Recommendation 7.3 The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board received statements in writing from the Managing Director and Chief Executive Officer and Chief Financial Officer that the integrity of MEO's financial position is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7

Information provided in response to Recommendations 7.1 to 7.3 is in accordance with the disclosures indicated in the Guide to reporting on Principle 7.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 The Board should establish a remuneration committee.

MEO has a Remuneration and Nomination (R&N) Committee consisting of two independent non-executive directors – Mr Nick Heath and Mr Michael Sweeney. The Committee has met two times during the year. The R&N Committee has an established Charter which sets out the roles and responsibilities, composition, structure and membership requirements, details of which are available in the corporate governance section of the MEO website. Given the size of MEO, the Board considers two of the four independent non-executive members to be appropriate.

Recommendation 8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The R&N Committee is responsible for determining and reviewing compensation arrangements for directors and managing director and chief executive officer. The Committee assesses the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Recommendation 8.3 Companies should provide the information indicated in the Guide to reporting on Principle 8.

Information provided in response to Recommendations 8.1 and 8.2 is in accordance with the disclosures indicated in the Guide to reporting on Principle 8.

IncomeStatement

For the year ended 30 June 2009

		Consolidated		Parent	
	Note	**2009 $**	2008 $	**2009 $**	2008 $
Interest income		970,952	2,821,385	970,952	2,821,385
Other income		5,200	29,632	5,200	29,632
Income		**976,152**	**2,851,017**	**976,152**	**2,851,017**
Depreciation and amortisation expense		(108,474)	(77,647)	(108,474)	(77,647)
Directors, employees and consultants	4	(3,774,818)	(1,432,257)	(3,774,818)	(1,432,257)
Exploration expenditure written-off		(27,085,763)	-	(16,796)	-
Diminution in related party receivable		-	-	(27,068,967)	-
Foreign exchange gains/(losses)		3,171,217	(1,891,137)	3,171,217	(1,891,137)
Other expenses	4	(886,440)	(705,823)	(886,440)	(705,823)
Loss before income tax		**(27,708,126)**	**(1,255,847)**	**(27,708,126)**	**(1,255,847)**
Income tax expense	5	(476,658)	(614,789)	-	-
Net loss for the period		**(28,184,784)**	**(1,870,636)**	**(27,708,126)**	**(1,255,847)**
Basic (loss) per share (cents per share)	6	(6.76)	(0.51)		
Diluted (loss) per share (cents per share)	6	(6.76)	(0.51)		

The above income statement should be read in conjunction with the accompanying notes.

BalanceSheet

For the year ended 30 June 2009

	Note	Consolidated		Parent	
		2009 $	2008 $	**2009 $**	2008 $
CURRENT ASSETS					
Cash and cash equivalents	7	17,200,481	24,343,540	12,594,045	17,652,623
Trade and other receivables	8	95,916	1,532,819	130,683	111,397
TOTAL CURRENT ASSETS		17,296,397	25,876,359	12,724,728	17,764,020
NON-CURRENT ASSETS					
Other financial assets	9	-	-	125,807,903	136,785,896
Property, plant and equipment	10	129,931	214,695	129,931	214,695
Leasehold improvements	11	31,519	68,368	31,519	68,368
Intangible assets	12	96,238	94,093	96,238	94,093
Exploration and evaluation costs	13	122,129,208	139,162,761	-	-
TOTAL NON-CURRENT ASSETS		122,386,896	139,539,917	126,065,591	137,163,052
TOTAL ASSETS		**139,683,293**	**165,416,276**	**138,790,319**	**154,927,072**
CURRENT LIABILITIES					
Trade and other payables	14	1,261,299	11,455,372	441,621	1,039,464
Provisions	15	100,519	53,805	100,519	53,805
TOTAL CURRENT LIABILITIES		1,361,818	11,509,177	542,140	1,093,269
NON-CURRENT LIABILITIES					
Provisions	15	26,695	44,376	26,695	44,376
TOTAL CURRENT LIABILITIES		26,695	44,376	26,695	44,376
TOTAL LIABILITIES		**1,388,513**	**11,553,553**	**568,835**	**1,137,645**
NET ASSETS		**138,294,780**	**153,862,723**	**138,221,484**	**153,789,427**
EQUITY					
Contributed equity	16	179,492,194	167,726,255	178,188,934	166,899,653
Share based payments reserve	16	1,162,356	1,047,954	1,162,356	1,047,954
Accumulated losses	16	(42,359,770)	(14,911,486)	(41,129,806)	(14,158,180)
TOTAL EQUITY		**138,294,780**	**153,862,723**	**138,221,484**	**153,789,427**

The above balance sheet should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ended 30 June 2009

	Consolidated		Parent	
	2009 **$**	2008 $	**2009** **$**	2008 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments to suppliers and employees	(4,530,297)	(1,327,330)	(5,374,436)	(3,572,132)
Cost recovery from joint venture partners	674,025	306,109	1,518,164	2,550,911
Interest received	985,338	2,953,631	985,338	2,953,631
Net cash from/(used in) operating activities (note 17)	**(2,870,934)**	**1,932,410**	**(2,870,934)**	**1,932,410**
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditure on plant and equipment	(72,758)	(34,461)	(72,758)	(34,461)
Expenditure on motor vehicle	-	(132,576)	-	(132,576)
Expenditure on leasehold improvements	-	(5,310)	-	(5,310)
Expenditure on intangibles	(109,094)	-	(109,094)	-
Expenditure on exploration tenements	(18,470,485)	(115,004,805)	(16,796)	-
Proceeds from sale of assets	90,327	-	90,327	-
Net cash (used in) investing activities	**(18,562,010)**	**(115,177,152)**	**(108,321)**	**(172,347)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issues	6,265,050	73,588,000	6,265,050	73,588,000
Transaction costs on issue of shares	(588,253)	(4,371,804)	(588,253)	(4,371,804)
Purchase of shares on market in settlement of vested performance rights	(58,129)	(665,981)	(58,129)	(665,981)
Proceeds from sale of trustee shares	5,500,000	-	5,500,000	-
Advances (to) subsidiary companies	-	-	(16,369,208)	(121,695,715)
Net cash from/(used in) financing activities	**11,118,668**	**68,550,215**	**(5,250,540)**	**(53,145,500)**
Net (decrease) in cash and cash equivalents	**(10,314,276)**	**(44,694,527)**	**(8,229,795)**	**(51,385,437)**
Cash and cash equivalents at beginning of period	24,343,540	70,929,204	17,652,623	70,929,197
Net foreign exchange differences	3,171,217	(1,891,137)	3,171,217	(1,891,137)
Cash and cash equivalents at end of period (note 7)	**17,200,481**	**24,343,540**	**12,594,045**	**17,652,623**

The above cash flow statement should be read in conjunction with the accompanying notes.

Statement of **Changes in Equity**

For the year ended 30 June 2009

	Issued Capital $	Share Based Payments Reserve $	Accumulated Losses $	Total Equity $
Consolidated				
At 1 July 2008	167,726,255	1,047,954	(14,911,486)	153,862,723
Net (loss) for the period	-	-	(28,184,784)	(28,184,784)
Cost of share based payments	-	1,021,515	-	1,021,515
Transfer of cost of exercised equity instruments	170,613	(170,613)	-	-
Share issues	11,765,050	-	-	11,765,050
Costs of issues (net of tax)	(111,595)	-	-	(111,595)
Purchase of shares on market in settlement of vested performance rights	(58,129)	-	-	(58,129)
Transfer of equity instruments expired unvested	-	(736,500)	736,500	-
At 30 June 2009	179,492,194	1,162,356	(42,359,770)	138,294,780
At 1 July 2007	96,803,600	1,261,761	(13,040,850)	85,024,511
Net (loss) for the period	-	-	(1,870,636)	(1,870,636)
Cost of share based payments	-	434,468	-	434,468
Transfer of cost of exercised equity instruments	648,275	(648,275)	-	-
Share issues	73,588,000	-	-	73,588,000
Costs of issues (net of tax)	(2,647,639)	-	-	(2,647,639)
Purchase of shares on market in settlement of vested performance rights	(665,981)	-	-	(665,981)
At 30 June 2008	167,726,255	1,047,954	(14,911,486)	153,862,723
Parent				
At 1 July 2008	166,899,653	1,047,954	(14,158,180)	153,789,427
Net (loss) for the period	-	-	(27,708,126)	(27,708,126)
Cost of share based payment	-	1,021,515	-	1,021,515
Transfer of cost of exercised equity instruments	170,613	(170,613)	-	-
Share issues	11,765,050	-	-	11,765,050
Costs of issues (net of tax)	(588,253)	-	-	(588,253)
Purchase of shares on market in settlement of vested performance rights	(58,129)	-	-	(58,129)
Transfer of equity instruments expired unvested	-	(736,500)	736,500	-
At 30 June 2009	178,188,934	1,162,356	(41,129,806)	138,221,484
At 1 July 2007	96,591,788	1,261,761	(12,902,333)	84,951,216
Net (loss) for the period	-	-	(1,255,847)	(1,255,847)
Cost of share based payment	-	434,468	-	434,468
Transfer of cost of exercised equity instruments	648,275	(648,275)	-	-
Share issues	73,588,000	-	-	73,588,000
Costs of issues (net of tax)	(3,262,429)	-	-	(3,262,429)
Purchase of shares on market in settlement of vested performance rights	(665,981)	-	-	(665,981)
At 30 June 2008	166,899,653	1,047,954	(14,158,180)	153,789,427

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2009

NOTE 1/ CORPORATE INFORMATION

The financial report of MEO Australia Limited ("MEO Australia", or the "Company") for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 17 September 2009.

MEO Australia Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on Australian Stock Exchange.

The nature of operations and principal activities of the Group are described in note 3.

NOTE 2/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, and is presented in Australian dollars. The financial report has also been prepared on a historical cost basis.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2009 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 101 (Revised) Presentation of Financial Statements, AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

This September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any amounts recognised in the financial statements. If the Group makes a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009.

(ii) AASB 3 (Revised) Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with the Group's current accounting policy if significant influence is not retained.

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interest from 1 July 2009.

(iii) AASB 8 Operating Segments

The new standard requires a "management approach" under which segment information is prepared on the same basis as that used for internal reporting purposes. This has resulted in the segments being reported in a manner that is materially consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Group have assessed the CODM as the Board of Directors of MEO Australia Limited.

Based on an analysis performed, the reported segments for the Group is not expected to be different from the current segments as reported under AASB 114 *Segment Reporting*. The Group will apply this standard from 1 July 2009.

(iv) The following measurement amendments are not relevant or material to the Group:

- AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009);
- AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)
- AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations;
- AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation;
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project;
- AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project;
- AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items;

NOTE 2/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- AASB 2008-9 Amendments to AASB 1049 for consistency with AASB 101;
- AASB 2008-11 Amendments to Australian Accounting Standards – Business Combinations Among Not-for-Profit Entities;
- AASB Interpretation 15 Agreements for the Construction of Real Estate; and
- AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of MEO Australia Limited and its subsidiaries as at 30 June 2009 and the results of all the subsidiaries for the year then ended (the Group).

Subsidiaries are all those entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, income, expenses and profits and losses from intra group transactions, have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(e) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using a binomial option pricing model, and using the assumptions detailed in note 22.

Exploration and evaluation costs

Exploration and evaluation costs are deferred until exploration and evaluation activities reach a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations are continuing. Where ongoing committed activities cannot be funded by existing financial resources, the Group will either need to raise additional capital or meet its obligations by (partial) farmout or (partial) sale of the company's interests.

The Group may raise capital by any one or a combination of the following: placement of shares, pro-rata issue to shareholders, the exercise of outstanding share options, and/or a further issue of shares to the public. Should these methods not be considered to be in the best interests of shareholders, then the Group would seek to meet its obligations by either partial sale of the Group's interests or farmout.

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. In the judgement of the Directors, at 30 June 2009 exploration activities in each area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Active and significant operations in relation to each area of interest are continuing and nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved. The Directors are continually monitoring the areas of interest and are exploring alternatives for funding the development of areas of interest when economically recoverable reserves are confirmed. If new information becomes available that suggests the recovery of expenditure is unlikely, the amounts capitalised will need to be reassessed at that time.

(f) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(g) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of the Group is Australian dollars ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated report are taken to the profit and loss.

(h) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

NOTE 2/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Certain derivatives do not qualify for hedge accounting and changes in the fair value are recognised immediately in the profit and loss in other revenues and expenses. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from the changes in the fair value of derivatives, except those that qualify as cash flow hedges are taken directly to profit and loss for the year.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

(j) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets which range from 4 to 15 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the assets value in use can be estimated to be close to its fair value. An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is written down to its recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(k) Methanol and LNG project costs

Research and feasibility costs are expensed as incurred. Development expenditure incurred on a project is carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure carried forward is amortised over the period of expected future revenue from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

(l) Exploration and evaluation costs

Exploration and evaluation expenditure is carried at cost. If indication of impairment arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Exploration and evaluation costs are accumulated separately for each current area of interest and carried forward provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development or sale; or
- exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Impairment of exploration and evaluation costs

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

(m) Intangible assets

Intangible assets acquired are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method for an intangible asset with a finite useful life is reviewed at least annually. Changes in the expected useful life are accounted for by changing the amortisation period or method, which is a change in an accounting estimate. Amortisation expense is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

NOTE 2/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Investments and other financial assets

Investments in subsidiary companies are accounted for at cost less accumulated impairment losses in the parent entity financial statements.

(o) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(p) Interests in joint ventures

Jointly controlled assets

A jointly controlled asset involves joint control and offers joint ownership by the Group and other venturers of assets contributed to or acquired for the purposes of the joint venture, without the formation of a corporation, partnership or entity.

The Group accounts for its share of the jointly controlled assets, and liabilities it has incurred, its share of any liabilities jointly incurred with other ventures, income from the sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture.

(q) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependant on the use a specific asset or assets and the arrangement conveys a right to use the asset.

Leases under which the lessor retains substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

(r) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of the goods and services.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wage and salaries, including non-monetary benefits and annual leave entitlements expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date in national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

NOTE 2/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Share-based payment transactions

The Group provides benefits to employees (including directors) of, and consultants to, the Group in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions'). There are currently two plans in place to provide these benefits:

(i) Senior Executives and Officers Option Plan, which provides benefits to directors and senior executives, and

(ii) MEO Australia Performance Plan which provides benefits to senior executives and consultants.

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value of options and performance rights with market based performance criteria is determined by an external valuer using a binomial option pricing model. The fair value of performance plan rights with non-market performance criteria is determined by reference to the Company's share price at date of grant.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the recipient becomes fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors, based on the best available information at balance date, will ultimately vest. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in determination of fair value at grant date. The charge or credit for the period represents the movement in cumulative expense recognised as at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(u) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Reserved shares

Own equity instruments reacquired for later payment as employee share-based payment awards (treasury shares) are deducted from equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(w) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Specific recognition criteria must also to be met:

Interest income

Revenue is recognised as the interest accrues using the effective interest method.

(x) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by balance date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTE 2/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be used, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary differences is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be applied.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only where a legally enforceable right of set off exists and the deferred tax assets and liabilities relate to the same taxable entity.

Tax consolidation legislation

MEO Australia Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation as of 1 July 2004.

The head entity, MEO Australia Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current tax and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, MEO Australia Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(y) Goods and services tax

Revenues, expenses and assets are recognised net of GST, except receivables and payables which are stated with GST included. Where GST incurred on a purchase of goods or services is not recoverable from the taxation authority, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(z) Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit/(loss) attributable to members divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

NOTE 3/ SEGMENT INFORMATION

The Group's operations are confined to development of methanol and LNG development projects and petroleum exploration. The primary segment reporting format is by project segment affected predominantly by differences in risk. The Group operates wholly within the single secondary, geographical, segment of Australia.

The following tables represent revenue, profit information and certain asset and liability information regarding business segments for the years ended 30 June 2009 and 30 June 2008.

Business Segments	Methanol & LNG Development		Petroleum Exploration		Consolidated	
	2009 $	2008 $	**2009 $**	2008 $	**2009 $**	2008 $
Revenue:						
Segment revenue	-	-	-	-	-	-
Non-segment revenue					976,152	2,851,017
Total consolidated revenue					976,152	2,851,017
Result:						
Segment loss	(302,226)	(185,709)	(27,085,763)	-	(27,387,989)	(185,709)
Non-segment expenses					(320,137)	(1,070,138)
Loss before income tax					(27,708,126)	(1,255,847)
Income tax expense					(476,658)	614,789)
Net loss for the year					(28,184,784)	(1,870,636)
Assets:						
Segment assets	-	-	126,752,072	147,380,718	126,752,072	147,380,718
Non-segment assets					12,931,221	18,035,558
Total Assets					139,683,293	165,416,276
Liabilities:						
Segment liabilities	-	-	870,880	10,537,532	870,880	10,537,532
Non-segment liabilities					517,633	1,016,021
Total Liabilities					1,388,513	11,553,553
Other Segment Information:						
Acquisition of plant and equipment, and other non-current assets						
Segment	-	-	10,035,415	124,106,429	10,035,415	124,106,429
Non-segment					114,670	240,075
Depreciation and amortisation						
Segment depreciation	-	-	-	-	-	-
Non-segment depreciation					108,474	77,647
Exploration expenditure written-off						
Segment	-	-	27,085,763	-	27,085,763	-
Non-segment					-	-
Operating Activities						
Segment net cash outflow	(302,226)	(185,709)	-	-	(302,226)	(185,709)
Non-segment net cash outflow					(2,568,708)	2,118,119
Investing Activities						
Segment net cash outflow	-	-	(18,470,485)	(115,004,805)	(18,470,485)	(115,004,805)
Non-segment net cash outflow					(91,525)	(172,347)
Financing Activities						
Segment net cash inflow	-	-	-	-	-	-
Non-segment net cash inflow					11,118,668	68,550,215

NOTE 4/ EXPENSES

	Consolidated		Parent	
	2009 $	2008 $	**2009 $**	2008 $
Directors, Employees and Consultants				
Consultants fees and expenses	665,504	1,388	665,504	1,388
Tassie Shoal Project expenses	302,226	185,709	302,226	185,709
Directors remuneration (non-executive)	66,511	115,337	66,511	115,337
Directors superannuation	130,702	49,129	130,702	49,129
Directors insurance	46,750	47,175	46,750	47,175
Fringe benefits tax	32,990	16,870	32,990	16,870
Payroll tax and workcover	133,629	35,172	133,629	35,172
Provision for annual and long service leave	29,032	55,340	29,032	55,340
Salaries (including executive directors)	1,239,412	585,187	1,239,412	585,187
Share based payments	1,021,515	274,687	1,021,515	274,687
Superannuation	106,547	66,263	106,547	66,263
	3,774,818	1,432,257	3,774,818	1,432,257
Other Expenses				
Administration and other expenses	167,201	21,258	167,201	21,258
Audit costs	87,724	96,614	87,724	96,614
Operating lease expenses	56,712	99,316	56,712	99,316
Stock exchange registry and reporting costs	241,805	257,295	241,805	257,295
Travel and corporate promotion costs	332,998	221,340	322,998	221,340
Trustee stock scheme costs	-	10,000	-	10,000
	886,440	705,823	886,440	705,823

NOTE 5/ INCOME TAX

	Consolidated		Parent	
	2009 $	2008 $	**2009 $**	2008 $
Income Statement				
Current income tax				
Current income tax credit/(expense)	4,598,210	35,813,909	(47,635)	337,479
Adjustment in respect of current income tax of previous years	(161,207)	123,322	-	-
Tax losses not recognised as not probable	(4,437,003)	(35,937,231)	47,635	(337,479)
	-	-	-	-
Deferred income tax				
Relating to origination and reversal of temporary differences	3,419,754	(35,322,332)	8,065,599	(154,097)
Tax losses brought to account to offset net deferred tax liability	(3,896,412)	34,707,543	(8,065,599)	154,097
	(476,658)	(614,789)	-	-
Income tax expense reported in the Income Statement	(476,658)	(614,789)	-	-

NOTE 5/ INCOME TAX (continued)

	Consolidated		Parent	
	2009 $	2008 $	**2009 $**	2008 $
Statement of Changes in Equity				
Deferred income tax related to items charged or credited directly to equity				
Share issue costs	476,658	978,729	176,476	1,901,153
Not recognised as not probable	-	(363,940)	(176,476)	(1,901,153)
Income tax benefit reported in Equity	476,658	614,789	-	-
Tax Reconciliation				
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:				
Accounting (loss) before tax	(27,708,126)	(1,255,847)	(27,708,126)	(1,255,847)
At the Group's statutory 30% tax rate (2008: 30%)	8,312,438	376,754	8,312,438	376,754
Adjustment in respect of current income tax of previous years	(161,207)	123,322	-	-
Share based payment expense	(306,455)	(82,406)	(306,455)	(82,406)
Non-deductible expenses	(5,458)	(2,565)	(5,458)	(2,565)
Deductible share purchases for share based payments	17,439	199,794	17,439	199,794
Temporary differences not brought to account	-	-	(8,120,690)	-
Tax losses not brought to account	(8,333,415)	(1,229,688)	102,726	(491,577)
Income tax expense reported in the Income Statement	(476,658)	(614,789)	-	-

	Balance Sheet		Income Statement	
	2009 $	2008 $	**2009 $**	2008 $
Deferred Income Tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Prepayments	-	-	-	3,000
Interest receivable	(9,245)	(47,791)	38,546	5,444
Exploration and evaluation costs	(36,638,762)	(41,748,829)	5,110,067	(37,231,929)
Gross deferred income tax liabilities	(36,648,007)	(41,796,619)	-	-
Deferred tax assets				
Accruals	190,170	1,927,738	(1,737,568)	1,884,551
Provisions	38,164	29,454	8,710	16,601
Share issue costs	1,587,925	1,411,419	-	-
Temporary differences not recognised as not probable	(700,073)	(1,000,226)	-	-
Tax losses brought to account to offset net deferred tax liability	35,531,821	39,428,234	(3,896,413)	34,707,544
Gross deferred income tax assets	36,648,007	41,796,619	-	-
Net Deferred Tax Asset	-	-	-	-
Deferred tax expense			(476,658)	(614,789)

NOTE 5/ INCOME TAX (continued)

	Balance Sheet		Income Statement	
	2009 $	2008 $	**2009 $**	2008 $
PARENT				
Deferred tax liabilities				
Prepayments	-	-	-	3,000
Interest receivable	(9,245)	(13,561)	4,316	39,674
Gross deferred income tax liabilities	(9,245)	(13,561)	-	-
Deferred tax assets				
Provision for diminution of related party receivable	8,120,690	-	8,120,690	-
Accruals	69,893	138,010	(68,117)	94,823
Provisions	38,164	29,454	8,710	16,601
Share issue costs	1,587,925	1,411,419	-	-
Temporary differences not recognised as not probable	(1,686,737)	(1,565,322)	(8,120,690)	-
Tax losses brought to account to offset net deferred tax liability	-	-	55,091	(154,098)
Gross deferred income tax assets	9,245	13,561	-	-
Net Deferred Tax Asset / (Liability)	-	-	-	-
Deferred tax expense			-	-

Tax consolidation

(i) Members of the tax consolidated group

MEO Australia Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2004. MEO Australia Limited is the head entity of the tax consolidated group.

(ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under UIG 1052 Tax Consolidated Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the principles in AASB 112 *Income Taxes*.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Tax losses

At balance date, the Group has estimated unused gross tax losses of $157,588,000 (2008 $140,930,000) that are available to offset against future taxable profits subject to continuing to meet relevant statutory tests. To the extent that it does not offset a net deferred tax liability, a deferred tax asset has not been recognised in the accounts for these unused losses because it is not probable that future taxable profit will be available to use against such losses.

NOTE 6/ EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings (loss) per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

For the year ended 30 June 2009 and for the comparative period, there are no dilutive potential ordinary shares as conversion of share options and performance rights would decrease the loss per share and hence are non-dilutive.

The following data was used in the calculations of basic loss per share:

	Consolidated	
	2009 $	2008 $
Net loss	(28,184,784)	(1,870,636)
	Shares	**Shares**
Weighted average number of ordinary shares used in calculation of basic loss per share	417,030,589	364,402,703

Transactions involving ordinary shares or potential ordinary shares that have occurred between the reporting date and the date of completion of these financial statements are set out in note 22. No dividends were paid during the year and no dividends are proposed. No franking credits are held by the Group.

NOTE 7/ CASH AND CASH EQUIVALENTS

	Consolidated		**Parent**	
	2009 $	2008 $	**2009 $**	2008 $
Cash at bank and in hand	5,013,831	11,287,138	407,395	4,596,221
Short term deposits	12,186,650	13,056,402	12,186,650	13,056,402
	17,200,481	24,343,540	12,594,045	17,652,623

Cash at bank earns interest at floating rates based on daily bank rates.

Short term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

NOTE 8/TRADE AND OTHER RECEIVABLES

	Consolidated		**Parent**	
	2009 $	2008 $	**2009 $**	2008 $
Goods and services tax refund	28,739	352,896	14,163	54,755
Interest receivable	30,816	159,302	30,816	45,202
Rig mobilisation escrow account	-	802,774	-	-
Other	36,361	217,847	85,704	11,440
	95,916	1,532,819	130,683	111,397

At balance date, there are no trade receivables that are past due but not impaired. Due to the short term nature of these receivables, their carrying value approximates fair value. Trade receivables are non-interest bearing and are generally on 30-90 day terms. Details regarding the credit risk of current receivables are disclosed in note 18.

NOTE 9/ OTHER FINANCIAL ASSETS

	Consolidated		Parent	
	2009 $	2008 $	**2009 $**	2008 $
Loans to subsidiary companies (note 20)			152,876,861	136,785,887
Provision for diminution in value of related party receivables			(27,068,967)	-
Investment in controlled entities at cost (note 20)			9	9
			125,807,903	136,785,896

Refer to note 20 for terms and conditions.

NOTE 10/ PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent	
	2009 $	2008 $	**2009 $**	2008 $
Plant and Equipment				
At cost	190,516	123,628	190,516	123,628
Accumulated depreciation	(60,585)	(35,083)	(60,585)	(35,083)
	129,931	88,545	129,931	88,545
Movement in Plant and Equipment				
Net carrying amount at beginning of year	88,545	72,635	88,545	72,635
Additions	72,758	33,752	72,758	33,752
Asset disposals – cost	(5,870)	-	(5,870)	-
Depreciation	(28,644)	(17,842)	(28,644)	(17,842)
Asset disposals – accumulated depreciation	3,142	-	3,142	-
Net carrying amount at end of year	129,931	88,545	129,931	88,545
The useful life of the plant and equipment is estimated for 2009 and 2008 as 5 to 15 years.				
Motor Vehicle				
At cost	-	132,576	-	132,576
Accumulated depreciation	-	(6,426)	-	(6,426)
	-	126,150	-	126,150
Movement in Motor Vehicles				
Net carrying amount at beginning of year	126,150	-	126,150	-
Additions	-	132,576	-	132,576
Asset disposals – cost	(132,576)	-	(132,576)	-
Depreciation	(3,214)	(6,426)	(3,214)	(6,426)
Asset disposals – accumulated depreciation	9,640	-	9,640	-
Net carrying amount at end of year	-	126,150	-	126,150
Total Property, Plant and Equipment	**129,931**	**214,695**	**129,931**	**214,695**

NOTE 11/ LEASEHOLD IMPROVEMENTS

	Consolidated		Parent	
	2009 $	2008 $	**2009 $**	2008 $
At cost	110,659	112,734	110,659	112,734
Accumulated depreciation	(79,140)	(44,366)	(79,140)	(44,366)
	31,519	68,368	31,519	68,368
Movement in Leasehold Improvements				
Net carrying amount at beginning of year	68,368	99,502	68,368	99,502
Additions	-	5,310	-	5,310
Asset scrapped – cost	(2,075)	-	(2,075)	-
Depreciation	(36,849)	(36,444)	(36,849)	(36,444)
Asset scrapped – accumulated depreciation	2,075	-	2,075	-
Net carrying amount at end of year	31,519	68,368	31,519	68,368

The useful life of the Leasehold Improvements is estimated as 3 years.

NOTE 12/ INTANGIBLE ASSETS

	Consolidated		Parent	
	2009 $	2008 $	**2009 $**	2008 $
Software licences at cost	178,089	136,177	178,089	136,177
Accumulated amortisation	(81,851)	(42,084)	(81,851)	(42,084)
	96,238	94,093	96,238	94,093
Movement in Intangibles				
Net carrying amounts at beginning of year	94,093	42,591	94,093	42,591
Additions	41,912	68,437	41,912	68,437
Amortisation	(39,767)	(16,935)	(39,767)	(16,935)
Net carrying amount at end of year	96,238	94,093	96,238	94,093

The useful life of the intangibles is estimated as 4 years.

NOTE 13/ EXPLORATION AND EVALUATION COSTS

Balance at beginning of year	139,162,761	15,056,332
Expenditure for the year	10,035,415	124,106,429
Expenditure written-off during the year	(27,068,968)	-
	122,129,208	139,162,761

At 30 June 2009, the Group wrote-off $10,911,467 of costs associated with the Zeus area of interest in WA-361-P due to the dry hole result from the Zeus-1 exploration well and wrote-off $1,436,117 of capitalised costs related to WA-359-P due to limited exploration activity expected in the permit. In addition, the Group wrote-off $14,721,384 of seismic and Heron-1 well production testing costs relating to the Epenarra geological area of interest in NT/P68.

The Group continues to carry forward $112,860,393 of seismic and well related costs for the Elang/Plover and Blackwood geological areas of interest in NT/P68 and $9,268,815 of seismic and other costs related to the Artemis prospect in WA-360-P.

NOTE 14/ TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2009 $	2008 $	**2009 $**	2008 $
Trade payables	1,261,299	11,455,372	441,621	1,039,464
	1,261,299	11,455,372	441,621	1,039,464

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. Trade payables are non-interest bearing and are normally settled on 30 day terms. No assets were pledged as collateral or security in relation to financial liabilities.

NOTE 15/ PROVISIONS

	Consolidated		Parent	
	2009 $	2008 $	**2009 $**	2008 $
CURRENT				
Employee benefits				
Annual leave entitlement	69,158	53,805	69,158	53,805
Long service leave entitlement	31,361	-	31,361	-
	100,519	53,805	100,519	53,805
NON-CURRENT				
Employee benefits				
Long service leave entitlement	26,695	44,376	26,695	44,376

NOTE 16/ CONTRIBUTED EQUITY AND RESERVES

	Consolidated		Consolidated	
	2009 Shares	**2009 $**	2008 Shares	2008 $
ISSUED AND PAID UP CAPITAL				
Ordinary shares	407,199,652	179,492,194	385,808,652	167,726,255
Ordinary shares issued pursuant to trustee stock scheme	10,122,918	-	20,122,918	-
	417,322,570	179,492,194	405,931,570	167,726,255
Movements in Ordinary Shares				
Balance at beginning of year	385,808,652	167,726,255	316,168,652	88,951,600
Share Issues:				
Placement of shares at $0.55	11,391,000	6,265,050	-	-
Placement of shares at $1.25	-	-	50,000,000	62,500,000
Exercise of 30 Nov 2009 options at 50 cents	-	-	1,400,000	700,000
Transaction costs (net of tax)	-	(111,595)	-	(2,647,640)
Allotment of shares at $1.00 per share in accordance with Share Purchase Plan	-	-	18,240,000	18,240,000
Shares sold by Trustee of Trustee Stock Scheme	10,000,000	5,500,000	-	-
Transfer of costs of exercised equity instruments	-	170,613	-	648,275
Purchase of shares on market in settlement of vested performance rights	-	(58,129)	-	(665,980)
Balance at end of year	407,199,652	179,492,194	385,808,652	167,726,255

NOTE 16/ CONTRIBUTED EQUITY AND RESERVES (continued)

	Consolidated	Consolidated
	2009 Shares	2008 Shares
Movements in Ordinary Shares Issued Pursuant to Trustee Stock Scheme		
Balance at beginning of year	20,122,918	122,918
Shares placed with Trustee during the year	-	20,000,000
Shares sold by Trustee during the year	(10,000,000)	-
Balance at end of year	10,122,918	20,122,918

	Parent		Parent	
	2009 Shares	**2009 $**	2008 Shares	2008 $
ISSUED AND PAID UP CAPITAL				
Ordinary shares	407,199,652	178,188,934	385,808,652	166,899,653
Ordinary shares issued pursuant to trustee stock scheme	10,122,918	-	20,122,918	-
	417,322,570	178,188,934	405,931,570	166,899,653
Movements in Ordinary Shares				
Balance at beginning of year	385,808,652	166,899,653	316,168,652	88,739,788
Share Issues:				
Placement of shares at $0.55	11,391,000	6,265,050	-	-
Placement of shares at $1.25	-	-	50,000,000	62,500,000
Exercise of 30 Nov 2009 options at 50 cents	-	-	1,400,000	700,000
Transaction costs (net of tax)	-	(588,253)	-	(3,262,430)
Allotment of shares at $1.00 per share in accordance with Share Purchase Plan	-	-	18,240,000	18,240,000
Shares sold by Trustee of Trustee Stock Scheme	10,000,000	5,500,000	-	-
Transfer of costs of exercised equity instruments	-	170,613	-	648,275
Purchase of shares on market in settlement of vested performance rights	-	(58,129)	-	(665,980)
Balance at end of year	407,199,652	178,188,934	385,808,652	166,899,653

	Parent	Parent
	2009 Shares	2008 Shares
Movements in Ordinary Shares Issued Pursuant to Trustee Stock Scheme		
Balance at beginning of year	20,122,918	122,918
Shares placed with Trustee during the year	-	20,000,000
Shares sold by Trustee during the year	(10,000,000)	-
Balance at end of year	10,122,918	20,122,918

NOTE 16/ CONTRIBUTED EQUITY AND RESERVES (continued)

(a) Terms and Condition of Ordinary Shares

Ordinary shares entitle their holder to receive dividends as declared. In the event of winding up the company, ordinary shares entitle their holder to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up or which should have been paid up on shares held. Each ordinary share entitles the holder to one vote, either in person or by proxy, at a meeting of the company. Ordinary shares issued during the year and since the end of the year, from date of issue rank equally with the ordinary shares on issue.

(b) Trustee Stock Scheme

In 2000, the Company established a Trustee Stock Scheme, pursuant to which ordinary shares, ranking equally with other ordinary shares on issue, were issued to a trustee. When those shares are sold by the trustee the net proceeds are paid to the Company by way of subscription monies. The Trustee does not exercise any voting rights in respect of shares held pursuant to the scheme. The Trustee may sell shares at a discount up to 20% to the last sale price and at a greater discount, if so approved by the directors and recommended by a stockbroker. In 2006, by orders of the Supreme Court of Victoria the vesting date of the plan was extended for 5 years to 25 August 2010.

(c) Share Options

At 30 June 2009 13,400,000 options over unissued shares granted to directors/ex-directors, executives and consultants were outstanding. The options are granted pursuant to the Senior Executives and Officers Option Plan, details of which are set out in note 22.

(d) Capital Management

Capital is defined as equity. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits of other stakeholders. All methods of returning funds to shareholders outside of dividend payments or raising funds are considered within the context of its balance sheet objectives.

The Group will seek to raise further capital, if required, as and when necessary to meet its projected operations. The decision of how the Group will raise future capital will depend on market conditions existing at that time. It is the Group's plan that this capital will be raised by any one or a combination of the following: placement of shares, pro-rata issue to shareholders, the exercise of outstanding options, and/or a further issue of shares to the public. Should these methods not be considered to be viable, or in the best interests of shareholders, then it would be the company's intention to meet its obligations by either partial sale of the Company's interests or farmout, the latter course of action being part of the Company's overall strategy.

The Group is not subject to any externally imposed capital requirements.

NOTE 16/ CONTRIBUTED EQUITY AND RESERVES (continued)

	Consolidated		Parent	
	2009 $	2008 $	**2009 $**	2008 $
OTHER RESERVES				
Employee Equity Benefits Reserve				
The employee equity benefits reserve records the value of benefits provided as equity instruments to directors, employees and consultants under share-based payment plans (note 22).				
Balance at beginning of year	1,047,954	1,261,761	1,047,954	1,261,761
Cost of share based payments	1,021,515	434,468	1,021,515	434,468
Cost of exercised equity instruments transferred to contributed equity	(170,613)	(648,275)	(170,613)	(648,275)
Cost of unvested expired equity instruments				
transferred to accumulated losses	(736,500)	-	(736,500)	-
Balance at end of year	1,162,356	1,047,954	1,162,356	1,047,954
ACCUMULATED LOSSES				
Balance at beginning of year	(14,911,486)	(13,040,850)	(14,158,180)	(12,902,333)
Net loss for the year	(28,184,784)	(1,870,636)	(27,708,126)	(1,255,847)
Transfer from Employee Equity Benefits Reserve				
Cost of equity instruments expired unvested	736,500	-	736,500	-
Balance at end of year	(42,359,770)	(14,911,486)	(41,129,806)	(14,158,180)

NOTE 17/ CASH FLOW STATEMENT RECONCILIATION

Reconciliation of net loss after tax to net cash flows used in operating activities

Net loss	(28,184,784)	(1,870,636)	(27,708,126)	(1,255,847)
Adjustments for:				
Exploration expenditure written-off	27,085,763	-	16,796	-
Diminution in value of related party receivables	-	-	27,068,967	-
Depreciation and amortisation	108,474	77,647	108,474	77,647
Share based payments	1,021,515	274,687	1,021,515	274,687
Exchange rate adjustments	(3,171,217)	1,891,137	(3,171,217)	1,891,137
Deferred income tax expense	476,658	614,789	-	-
Changes in assets and liabilities				
(Increase)/decrease in trade and other receivables	(19,286)	406,779	(19,286)	406,779
(Decrease)/increase in trade and other payables	(217,090)	482,667	(217,090)	482,667
(Decrease)/increase in provisions	29,033	55,340	29,033	55,340
Net cash flows from/(used in) operating activities	(2,870,934)	1,932,410	(2,870,934)	1,932,410

NOTE 18/ FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise cash and short term deposits, the main purpose of which is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are credit risk, interest rate risk, exchange rate risk and liquidity risk. The Board of Directors has reviewed each of those risks and has determined that they are not significant in terms of the Group's current activities. The Group also enters into derivative financial instruments, principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations. Speculative trading in derivatives is not permitted. There are no derivatives outstanding at 30 June 2009 (2008: $nil).

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Credit risk

The Group trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the results being that the Group's exposure to bad debts is not significant.

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. No collateral is held as security. Exposure at balance date is the carrying value as disclosed in each applicable note.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and cash equivalents with a floating interest rate:

	Consolidated		**Parent**	
	2009 $	2008 $	**2009 $**	2008 $
Cash and cash equivalents	17,200,481	24,343,540	12,594,045	17,652,623
Weighted average effective floating interest rate	5%	7%	5%	7%

Short term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Group and parent believes that -/+1.0% from the year-end rates of 5% represents the 'reasonably possible' movement in interest rates over the next 12 months. The following is the impact of this on the profit or loss with all other variables including foreign exchange rates held constant:

	Consolidated and Parent Net Profit	
	2009 $	2008 $
+1.0% (100 basis points) increase/decrease in interest rates with all other variables held constant	126,000	177,000
-1.0% (100 basis points) increase/decrease in interest rates with all other variables held constant	(126,000)	(177,000)

There is no impact on equity other than the above net profit sensitivities on retained earnings/accumulated losses.

NOTE 18/ FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group's exposure to exchange rate risk relates primarily to trade payables and cash denominated in US dollars. Where a payable is significant, US dollars are purchased on incurring the liability or commitment. The Group also manages its currency risk through the active management of its exposures. This includes entering into various forward currency contracts throughout the year. At balance date and at 30 June 2008, all the contracts were closed.

The Group's and parent's exposure to its unhedged financial assets and liabilities is as follows:

	Consolidated		Parent	
USD	**2009 $**	2008 $	**2009 $**	2008 $
Cash	3,806,568	11,733,065	2,246,669	9,607,905
Total Financial Assets	3,806,568	11,733,065	2,246,669	9,607,905
Trade Creditors	27,730	711,848	27,730	92,768
Total Financial Liabilities	27,730	711,848	27,730	92,768

The following sensitivity analysis is based on the foreign currency risk exposure in existence at the balance sheet date, with all other variables remaining constant:

	Consolidated and Parent Net Profit	
	2009 $	2008 $
10% strengthening in AUD/USD rate (for 2009 from 0.81 to 0.89 and for 2008 from 0.96 to 1.06) with all other variables held constant	(249,000)	(865,000)
10% weakening in AUD/USD rate (for 2009 from 0.81 to 0.73 and for 2008 from 0.96 to 0.87) with all other variables held constant	304,000	1,057,000

A sensitivity of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a 5 year historical basis and market expectations for potential future movement.
There is no impact on equity other than the above net profit sensitivities on retained earnings/accumulated losses.

Liquidity Risk

The Group's exposure to financial obligations relating to corporate administration and projects expenditure, are subject to budgeting and reporting controls, to ensure that such obligations do not exceed cash held and known cash inflows for a period of at least 1 year.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built in an appropriate liquidity risk framework for the management of the Group's short, medium and longer term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate equity funding through the monitoring of future cash flow forecasts of its operations, which reflect management's expectations of the settlement of financial assets and liabilities.

The Group has limited financial resources and will need to raise additional capital from time to time as such fund raisings will be subject to factors beyond the control of the Company and its directors. When MEO requires further funding for its programs, then it is the Company's intention that the additional funds will be raised by any one or a combination of the following: placement of shares, pro-rata issue to shareholders, the exercise of outstanding options, and/or a further issue of shares to the public. Should these methods not be considered to be viable, or in the best interests of shareholders, then it would be the Company's intention to meet its obligations by either partial sale of the Company's interests or farmout, the latter course of action being part of the Company's overall strategy.

Maturity Analysis

At balance date, the group holds $1,261,299 of financial liabilities consisting of trade and other payables. All financial liabilities have a contractual maturity of 30 days except for the accrued demobilisation costs of the Songa Venus Drill Rig. It is expected that this liability of $400,000 will be settled in 2010.

Fair Values

The aggregate net fair values of the financial assets and liabilities are the same as balance sheet carrying values.

NOTE 19/ COMMITMENTS AND CONTINGENCIES

	Consolidated		Parent	
	2009 $	2008 $	**2009 $**	2008 $
Operating Lease				
Future minimum rentals payable under operating lease for office premises at balance date:				
Payable not later than one year	149,676	173,853	149,676	173,853
Payable later than one year but not later than five years	-	149,676	-	149,676
	149,676	323,529	149,676	323,529
Exploration Commitments – NT/P68				
Estimated cost of minimum work requirements contracted for under exploration permit is estimated at balance date:				
Payable not later than one year	100,000	200,000		
Payable later than one year but not later than five years	-	-		
	100,000	200,000		

In respect of NT/P68, the Group has permit year 6 geotechnical studies as the remaining permit commitment.

Exploration Commitments – WA-359-P, WA-360-P, WA-361-P

In 2008, MEO met its obligations in respect of the farm-in to the WA Permits (WA-361-P, WA-360-P & WA-359-P) with the acquisition of 2D and 3D seismic surveys.

The remaining permit obligations for the WA permits are as follows:

WA-359-P and WA-360-P

MEO has the option to elect to drill a well in each permit or drop its interest in the permit– this election must be made by 1 January 2010.

WA-361-P

In respect of WA-361-P, the Group has permit year 6 geotechnical studies as the remaining permit commitment of $60,000.

(b) Contingent liabilities relating to joint ventures

There were no contingent liabilities relating to interests in joint ventures.

NOTE 20/ RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statements of MEO Australia Limited, and the following subsidiaries all of which are incorporated in Australia and have a 30 June balance date. The Parent bears the costs of administration of the subsidiaries.

The Group's and parent's exposure to its unhedged financial assets and liabilities is as follows:

	% of Equity Interest		Consolidated Investment	
	2009 $	2008 $	**2009 $**	2008 $
North West Shelf Exploration Pty Ltd	100	100	1	1
Methanol Australia Pty Ltd	100	100	1	1
LNG Australia Pty Ltd	100	100	1	1
TSP Arafura Petroleum Pty Ltd	100	100	1	1
Oz-Exoil Pty Ltd	100	100	1	1
Offshore Methanol Pty Ltd	100	100	1	1
Offshore LNG Pty Ltd	100	100	1	1
Gastech Systems Pty Ltd	100	100	2	2
			9	9

North West Shelf Exploration Pty Ltd holds a 70% right to an interest in WA-360-P, a 35% interest in WA-361-P and a 60-70% interest in WA-359-P (depending on arrangements). MEO Australia Limited operates the permits.

Methanol Australia Pty Ltd holds the Tassie Shoal Methanol Project. MEO Australia Ltd operates the project and bears the cost of project expenditure.

LNG Australia Pty Ltd holds the Timor Sea LNG Project. MEO Australia Ltd operates the project and bears the cost of project expenditure.

TSP Arafura Petroleum Pty Ltd and *Oz-Exoil Pty Ltd* are holders of 45% – 50% each in petroleum exploration permit NT/P68. MEO Australia Limited operates the permit.

(b) Loans to related parties

MEO Australia Limited has advanced funds in the current financial year totalling $720,858 (2008: $114,477,271) to TSP Arafura Petroleum Pty Ltd and Oz-Exoil Pty Ltd to meet their share of exploration commitments in exploration permit NT/P68. As at 30 June 2009 the balance of the loan to TSP Arafura Petroleum Pty Ltd and Oz-Exoil Pty Ltd was $115,345,981 (net of provision for diminution in value of related party receivable) (2008: $129,624,740). The loans are non interest bearing and repayable at call.

MEO Australia Limited has advanced funds to North West Shelf Exploration Pty Ltd in the current financial year totalling $15,648,350 (2008:$7,218,444) to meet its share of exploration commitments in exploration permits WA-361-P, WA-360-P & WA-359-P. As at 30 June 2009 the balance of the loan to North West Shelf Exploration Pty Ltd was $10,461,913 (net of provision for diminution in value of related party receivable) (2008: $7,161,147). The loan is non interest bearing and repayable at call.

NOTE 21/ KEY MANAGEMENT PERSONNEL

Directors
N M Heath G A Short M J F Sweeney S W Hopley

Ex-directors
W Bisley C R Hart A J Rigg J M D Willis

Executives
J Hendrich C H Naylor R J D Gard

There were no other changes to the directors and executive after the reporting date and before the date the financial report was authorised for issue.

	Consolidated		Parent	
	2009 $	2008 $	**2009 $**	2008 $
Compensation of key management personnel by category:				
Short term employee benefits	889,330	897,861	889,330	897,861
Post employment benefits	247,552	166,224	247,552	166,224
Share-based payments	1,000,965	237,527	1,000,965	237,527
Long service leave	8,916	13,439	8,916	13,439
	2,146,763	1,315,051	2,146,763	1,315,051

Details of compensation of individual key management personnel are set out in the Remuneration Report.

During the year executive and other fees were paid by the Group to entities controlled by directors as follows:

		Executive and Other Fees Paid		Outstanding at Balance Date	
Director	**Entity**	**2009 $**	2008 $	**2009 $**	2008 $
G A Short	-	1,800	-	1,800	-
J Hendrich	BTN Investments Pty Ltd	-	250,000	-	250,000
W J Dewé	Fourties Pty Ltd	-	64,650	-	-
		1,800	314,650	1,800	250,000

NOTE 21/ KEY MANAGEMENT PERSONNEL (continued)

Movement in shares

The movement during the reporting period in the number of ordinary shares in MEO Australia Limited held directly, indirectly or beneficially, by key management personnel, including their related parties, is as follows:

30 June 2009	Held at 1 July 2008	Purchases	Received on Exercise of Options	Sales	Held at 30 June 2009
Shares held in MEO Australia Limited (number)					
Directors					
N M Heath**	50,000	866,341	-	-	916,341
G A Short**	-	89,957	-	-	89,957
M J F Sweeney**	-	139,984	-	-	139,984
S W Hopley	-	-	-	-	-
W Bisley**	1,527,792	198,050	-	-	*1,725,842
C R Hart**	9,735,887	-	-	-	*9,735,887
A J Rigg**	550,575	13,057	-	-	*563,632
J M D Willis**	1,962,602	-	-	-	*1,962,602
Executives					
J Hendrich	761,000	500,000	-	-	1,261,000
C H Naylor	-	390,000	-	-	390,000
R J D Gard	-	2,020,000	-	-	2,020,000

* Shares held at the time of resignation.

** Purchases include purchase of shares on market pursuant to Directors' Share Savings Plan. No shares were granted to key management personnel during the reported period as compensation.

30 June 2008	Held at 1 July 2007	Purchases	Received on Exercise of Options	Sales	Held at 30 June 2008
Shares held in MEO Australia Limited (number)					
Directors					
W Bisley**	1,511,894	15,898	-	-	1,527,792
W J Dewé**	1,714,602	235,971	-	(250,000)	*1,700,573
C R Hart	9,720,887	452,500	-	(437,500)	9,735,887
N M Heath	-	-	-	-	***50,000
J A Newton**	621,779	6,408	-	-	*628,187
A J Rigg**	640,125	10,450	-	(100,000)	550,575
J M D Willis**	2,599,725	12,877	-	(650,000)	1,962,602
Executives					
J Hendrich	-	-	-	-	***761,000

* Shares held at the time of resignation.

** Purchases include purchase of shares on market pursuant to Directors' Share Savings Plan. Shares were granted to the following key management personnel as compensation pursuant to the MEO Australia Performance Plan – Mr W J Dewé received 225,000 shares and Mr C R Hart received 437,500.

*** J Hendrich initial interest was 761,000 shares and N M Heath initial interest was 50,000 shares.

NOTE 21/ KEY MANAGEMENT PERSONNEL (continued)

Options over equity instruments

The movement during the reporting period in the number of options over ordinary shares in MEO Australia Limited held, directly, indirectly and beneficially, by key management personnel, including their related parties is as follows:

	Held at 1 July 2008	Granted as Remuneration	Options Exercised	Options Lapsed	Held at 30 June 2009	Vested in 2009	Vested and exercisable at 30 June 2009
Options (number)							
Directors							
N M Heath	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000
J Hendrich	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000
G A Short	-	1,000,000	-	-	1,000,000	-	-
M J F Sweeney	-	1,000,000	-	-	1,000,000	-	-
S W Hopley	-	1,000,000	-	-	1,000,000	-	-
W Bisley	1,000,000	-	-	1,000,000	-	-	-
W J Dewé	1,000,000	-	-	1,000,000	-	-	-
C R Hart	1,000,000	-	-	1,000,000	-	-	-
A J Rigg	1,000,000	-	-	1,000,000	-	-	-
J M D Willis	1,000,000	-	-	1,000,000	-	-	-
Executives							
J Hendrich	5,300,000	-	-	-	5,300,000	-	-
C H Naylor	400,000	900,000	-	-	1,300,000	200,000	400,000
R J D Gard	-	900,000	-	-	900,000	-	-

	Held at 1 July 2007	Granted as Remuneration	Options Exercised	Options Lapsed	Held at 30 June 2008	Vested in 2008	Vested and exercisable at 30 June 2008
Options (number)							
Directors							
W Bisley	1,000,000	-	-	-	1,000,000	-	1,000,000
W J Dewé	1,000,000	-	-	-	1,000,000	-	1,000,000
C R Hart	1,000,000	-	-	-	1,000,000	-	1,000,000
J A Newton	1,000,000	-	(1,000,000)	-	-	-	-
A J Rigg	1,000,000	-	-	-	1,000,000	-	1,000,000
J M D Willis	1,000,000	-	-	-	1,000,000	-	1,000,000
Executives							
J Hendrich	-	5,300,000	-	-	5,300,000	-	-
C H Naylor	400,000	-	-	-	400,000	200,000	200,000

NOTE 22/ SHARE BASED PAYMENT PLANS

Senior Executives and Officers Option Plan

Share options are granted to senior executives and non-executive directors. During the financial year 7,700,000 options (2008: 5,300,000 options) were granted – details are set out below.

	2009 Options	2008 Options
Movements in share options on issue during the year:		
Outstanding at the beginning of the year	10,700,000	6,800,000
Granted during the year	7,700,000	5,300,000
Forfeited during the year	(5,000,000)	-
Exercised during the year	-	(1,400,000)
Outstanding at the end of the year	13,400,000	10,700,000

At a General Meeting of Shareholders on 21 August 2008 shareholders approved the granting of 1,000,000 options exercisable at a price of 50 cents per option on or before 30 November 2009 to each of Messrs N M Heath, J Hendrich and G A Short. These options vested on 15 May 2009, 16 June 2009 and 14 July 2009 respectively.

The fair value of the options at date of grant is estimated to be 12.1 cents for the tranche of 50 cents options granted to Mr N M Heath, 12.5 cents for the tranche of 50 cent options granted to Mr J Hendrich and 12.8 cents for the tranche of 50 cent options granted to Mr G A Short. The fair value was determined using a Barrier Option pricing model, taking into account the terms and conditions upon which the options were granted, and using the following inputs to the model:

Expected volatility	95%	Contractual life	1.25 years
Risk-free interest rate	5.875%	Dividend yield	0%
Early exercise multiple/estimated life – options N M Heath	1.15 years	Early exercise multiple/estimated life – options G A Short	1.20 years
Early exercise multiple/estimated life – options J Hendrich	1.18 years		

The total amount expensed in the year relating to these share options was $193,767.

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future.

At the Annual General Meeting of Shareholders on 13 November 2008 shareholders approved the granting of 1,000,000 options exercisable at a price of 50 cents per option on or before 30 September 2011 to each of Messrs M J F Sweeney and S W Hopley. These options vest on 30 September 2009.

The fair value of the options at date of grant is estimated to be 3.82 cents. The fair value was determined using a Barrier Option pricing model, taking into account the terms and conditions upon which the options were granted, and using the following inputs to the model:

Expected volatility	95%	Contractual life	3 years
Risk-free interest rate	3.76%	Dividend yield	0%
Early exercise multiple/estimated life	2.7 years		

The total amount expensed in the year relating to these share options was $19,100.

NOTE 22/ SHARE BASED PAYMENT PLANS (continued)

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future.

In June 2009, 2,700,000 share options were granted to executives exercisable at a price of 50 cents per option on or before 30 June 2012. These options vest 50% on 30 June 2010 and 50% on 30 June 2011.

The fair value of the options at date of grant is estimated to be 10.72 cents for the options vesting on 30 June 2010 and 13.28 cents for options vesting on 30 June 2011. The fair value was determined using a Barrier Option pricing model, taking into account the terms and conditions upon which the options were granted, and using the following inputs to the model:

Expected volatility	130%	Contractual life (years)	4
Risk-free interest rate	4.56%	Dividend yield	0%
Early exercise multiple/estimated life for options expiring 30 June 2010	2.72 years	Early exercise multiple/estimated life for options expiring 30 June 2011	2.88 years

The total amount expensed in the year relating to these share options was $651.

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future.

MEO Australia Performance Plan

Performance rights granted to executives and consultants entitle recipients to one fully paid ordinary share in the Company for each right held, upon attainment of performance conditions and upon expiration of the vesting period in relation to relevant shares. The Company purchases shares on market on behalf of the plan trustee to satisfy obligations under the Plan upon satisfaction of performance conditions.

Performance conditions include non market criteria being achievement of operational milestones in the development of the TSMP Methanol project and the TSLNG LNG project and NT/P68 and market criteria, being an increase in the Company's share price. Shares acquired on satisfaction of performance criteria may be subject to vesting periods based on cumulative vesting timetables for each holder of performance rights.

The fair value of rights with non-market conditions is the Company's share price at date of grant. The number of those rights, the fair value of which is recognised at balance date, is determined by the estimated likelihood of the rights vesting, i.e. the performance conditions being met. The amount recognised for such rights that expire unvested, is reversed.

	2009 Rights	2008 Rights
Movements in performance rights on issue during the year:		
Outstanding at the beginning of the year	2,175,000	3,695,000
Granted during the year	-	625,000
Vested during the year	(175,000)	(570,000)
Expired during the year	(2,000,000)	(1,575,000)
Unvested outstanding at the end of the year	-	2,175,000

NOTE 23/ AUDITORS' REMUNERATION

	Consolidated		Parent	
	2009 $	2008 $	**2009 $**	2008 $
Amounts received or due and receivable by the auditor for:				
Audit or review of the financial reports	77,570	96,614	77,570	96,614
Non-audit services:				
Tax compliance	-	-	-	-
	77,570	96,614	77,570	96,614

NOTE 24/ INTERESTS IN JOINTLY CONTROLLED ASSETS

MEO Australia, through its wholly-owned subsidiaries, TSP Arafura Petroleum Pty Ltd and Oz-Exoil Pty Ltd, holds a 90% interest in the NT/P68 Joint Venture. The principal activity of the joint venture is the exploration, development and production of hydrocarbons. MEO, through the same wholly owned subsidiaries, has a 100% interest in the area covered by the sole risk (100% MEO interest) drilling of the Blackwood-1 well.

MEO Australia, thorough its wholly-owned subsidiary – North West Shelf Exploration Pty Ltd, holds a 70% interest in WA-360-P, a 35% interest in WA-361-P and 60-70% interest in WA-359-P (depending on arrangements). The principal activity of the joint ventures is the exploration, development and production of hydrocarbons.

Commitments related to joint venture assets

Commitments relating to the joint venture assets are set out in Note 19 to the accounts.

Contingent liabilities

As at 30 June 2009, there are no contingent liabilities relating to NT/P68 joint venture or WA-361-P, WA-360-P and WA 359-P joint ventures.

NOTE 25/ EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or state of affairs of the Group, in future financial years.

Directors' Declaration

In accordance with a resolution of the directors of MEO Australia Limited, I state that:

In the opinion of the directors:

(a) The financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the Company and of the consolidated entity are in accordance with the *Corporations Act* 2001, including:

   (i) Giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date.

   (ii) Complying with Accounting Standards and *Corporations Regulations* 2001.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act* 2001 for the financial year ended 30 June 2009.

On behalf of the Board

J HENDRICH

Managing Director & Chief Executive Officer
Melbourne, 17 September 2009

Auditor's Independence Declaration

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Auditor's Independence Declaration to the Directors of MEO Australia Limited

In relation to our audit of the financial report of MEO Australia Limited for the year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Brett Croft
Partner
Melbourne
17 September 2009

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Independent Auditor's Report to the Members of MEO Australia Limited

Report on the Financial Report

We have audited the accompanying financial report of MEO Australia Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of MEO Australia Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of MEO Australia Limited and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 20 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of MEO Australia Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Brett Croft
Partner
Melbourne
17 September 2009

Shareholder and Other Information

Compiled as at 30 September 2009

SUBSTANTIAL SHAREHOLDERS

The Company has no Substantial Shareholders as at 30 September 2009.

VOTING RIGHTS

(a) each member entitled to vote may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a member or a proxy, attorney or representative of a member has one vote; and

(c) on a poll, every person present who is a member or a proxy, attorney or representative of a member has:

 (i) for each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, one vote for the share;

 (ii) for each partly paid share, only the fraction of one vote which the\ amount paid (not credited) on the share bears to the total amounts paid and payable on the share (excluding amounts credited), subject to any rights or restrictions attached to any shares or class or classes of shares.

THE 20 LARGEST HOLDERS OF ORDINARY SHARES

Holder	Ordinary Shares	% of total on issue
HSBC Custody Nominees (Australia) Limited	11,310,918	2.71%
ANZ Nominees Limited	11,002,686	2.64%
Doravale Enterprises Pty Ltd	10,122,918	2.43%
J P Morgan Nominees Australia Limited	8,219,388	1.97%
HSBC Custody Nominees (Australia) Limited- A/C 2	6,545,903	1.57%
National Nominees Limited	6,422,125	1.54%
Citicorp Nominees Pty Limited	6,168,827	1.48%
Comsec Nominees Pty Limited	6,152,975	1.47%
Aurisch Investments Pty Ltd	3,800,000	0.91%
Mr Mark Jeffrey Hanrahan	3,500,000	0.84%
E & P Investments Australia Pty Ltd	3,194,308	0.77%
Raydale Holdings Pty Ltd	2,700,000	0.65%
ETrade Australia Nominees Pty Limited	2,537,021	0.61%
HSBC Custody Nominees (Australia) Limited- A/C 3	2,000,184	0.48%
Arlene Pty Ltd	1,800,000	0.43%
Queensland Investment Corporation	1,620,443	0.39%
Stebur Investments Pty Ltd	1,585,000	0.38%
Mr Colin Charles Mackinnon	1,575,000	0.38%
Mr Maxwell Thomas Quirk	1,500,000	0.36%
Mr Alessandro Tonino Gambotto	1,400,000	0.34%

The 20 largest shareholders hold 93,157,696 shares representing 22.32% of the shares on issue.

DISTRIBUTION OF ORDINARY SHARES

Numbers of share holders by size of holding and the total number of shares on issue:

Ordinary Shares	No. of Holders	No. of Shares
1 – 1,000	970	560,403
1,001 – 5,000	3,509	11,248,415
5,001 – 10,000	2,880	23,727,022
10,001 – 100,000	4,828	156,710,266
100,001 and over	520	225,076,464
TOTAL ON ISSUE	**12,707**	**417,322,570**

537 holders holding 146,033 shares held less than a marketable parcel of ordinary shares.
There is no current on-market buy-back.

MEO Australia

energy for the future

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