

# MEO AUSTRALIA LIMITED

ABN 43 066 447 952

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Seventeenth Annual General Meeting of members of MEO Australia Limited (the **Company**) will be held in the Meeting Room of The Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne on Thursday 27 October 2011 at 10.30am.

### ORDINARY BUSINESS

#### 1. Financial Report

To receive and consider the Financial Report and the reports of the Directors and Auditors for the year ended 30<sup>th</sup> June 2011.

#### 2. Adoption of Remuneration Report

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

“That the Remuneration Report for the year ended 30<sup>th</sup> June 2011 be adopted.”

The Remuneration Report is set out on pages 19 to 24 of the 2011 Annual Report.

*Note: that the vote on this resolution is advisory only and does not bind the directors of the Company.*

#### 3. Re-election of Director

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

“That Mr Gregory Allen Short, who retires by rotation in accordance with rule 35 of the Company's constitution and, being eligible, be re-elected as a Director of the Company.”

### SPECIAL BUSINESS

#### 4. Issue of options to the Managing Director and Chief Executive Officer, Mr Jürgen Hendrich

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

“That approval be given for all purposes including ASX Listing Rule 10.14, for the grant to the Managing Director & Chief Executive Officer, Mr Jürgen Hendrich, of 3,000,000 options under the Company's Long Term Incentive Plan on the terms summarised in the Explanatory Memorandum to this Notice of Meeting.”

#### 5. Issue of options to the Chairman, Mr Nicholas Heath

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

“That approval be given for all purposes including ASX Listing Rule 10.14, for the grant to Mr Nicholas Heath of 900,000 options under the Company's Long Term Incentive Plan on the terms summarised in the Explanatory Memorandum to this Notice of Meeting.”

#### 6. Issue of options to Non-Executive Director, Mr Stephen Hopley

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

“That approval be given for all purposes including ASX Listing Rule 10.14, for the grant to Mr Stephen Hopley of 900,000 options under the Company's Long Term Incentive Plan on the terms summarised in the Explanatory Memorandum to this Notice of Meeting.”

**7. Issue of options to Non-Executive Director, Mr Gregory Short**

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

“That approval be given for all purposes including ASX Listing Rule 10.14, for the grant to Mr Gregory Short of 900,000 options under the Company’s Long Term Incentive Plan on the terms summarised in the Explanatory Memorandum to this Notice of Meeting.”

**8. Issue of options to Non-Executive Director, Mr Michael Sweeney**

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

“That approval be given for all purposes including ASX Listing Rule 10.14, for the grant to Mr Michael Sweeney of 900,000 options under the Company’s Long Term Incentive Plan on the terms summarised in the Explanatory Memorandum to this Notice of Meeting.”

**VOTING EXCLUSION STATEMENTS**

For all resolutions that are directly or indirectly related to the remuneration of a member of the Key Management Personnel (**KMP**) of the Company (being resolutions in respect Items 2, 4, 5, 6, 7 and 8), the *Corporations Act 2001* (Cth) (**Corporations Act**) restricts KMP and their closely related parties from voting in some circumstances. Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by the KMP.

In addition, a voting restriction applies in respect of Item 4, 5, 6, 7 and 8 under the ASX Listing Rules.

***Item 2 – Adoption of Remuneration Report***

The Company will disregard any votes cast on Item 2 by or on behalf of a KMP named in the Company’s Remuneration Report or that KMP’s closely related party, unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy form.

***Item 4 – Issue of options to Managing Director & Chief Executive Officer, Mr Jürgen Hendrich and***

***Items 5 to 8 – Issue of options to the Chairman, Mr Nicholas Heath, and to Non-Executive Directors, Messrs Stephen Hopley, Gregory Short and Michael Sweeney***

The Company will disregard any votes cast on Items 4, 5, 6, 7 and 8 by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme) and or any of their associates, as well as any votes cast as a proxy on Items 4, 5, 6, 7 and 8 by a member of KMP or a KMP’s closely related party, unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

By order of the Board of MEO Australia Limited



Colin H. Naylor  
Company Secretary  
**14<sup>th</sup> September 2011**

## 2011 Annual Report

Members who elected not to receive a printed copy of the 2011 Annual Report can access the Annual Report at MEO's website address:

[http://www.meoaustralia.com.au/page/Investor\\_Relations/Annual\\_Report/](http://www.meoaustralia.com.au/page/Investor_Relations/Annual_Report/)

### NOTES

#### 1. Voting information

- (a) All items will be determined on a show of hands, unless a poll is duly called on an item.
- (b) On a poll, Members have one vote for every fully paid ordinary share held. On a show of hands, every person present and qualified to vote has one vote and if one proxy has been appointed, that proxy will have one vote on a show of hands. If a shareholder appoints more than one proxy, and more than one proxy attends the meeting, neither proxy may vote on a show of hands, but both proxies will be entitled to vote on a poll in respect of those shares or voting rights the proxy represents.
- (c) A Member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights. If two proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the member's votes.
- (d) If you are unable to attend the meeting, you are encouraged to appoint a proxy to attend and vote on your behalf.
- (e) A form of proxy accompanies this Notice and, to be effective, the form (and if the appointment is signed by the appointor's attorney, the original authority under which the appointment was signed or a certified copy of the authority) must be received by the registered office of the Company or by the Company's share registry at least 48 hours before the time appointed for the Meeting. Any proxy lodged after that time will be treated as invalid.
- (f) You can direct your proxy how to vote by following the instructions on the Proxy Form. Shareholders are encouraged to direct their proxy how to vote on each item of business.
- (g) Any directed proxies that are not voted on a poll at the meeting by a shareholder's appointed proxy will automatically default to the Chairman of the Meeting, who is required to vote proxies as directed on a poll.
- (h) A proxy duly appointed need not be a Member and may be an individual or body corporate. In the case of joint holders, either holder may sign.
- (i) If a member appoints a body corporate as a proxy, that body corporate will need to ensure that it:
  - (i) appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; or
  - (ii) provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.If such evidence is not received prior to the commencement of the meeting, then the body corporate proxy (through its representative) will not be permitted to act as the Member's proxy.
- (j) Proxy and corporate appointment of representative forms may be returned to the Company in any of the following ways:
  - (i) by delivery (by hand, mail, or facsimile) to the Company Secretary, MEO Australia Limited at its registered office:

Level 17  
500 Collins Street  
Melbourne Vic 3000  
Facsimile: **61+ 3 9614 0660.**
  - (ii) by delivery (by hand, mail, or facsimile) to the MEO Australia Limited share registry:

Link Market Services Limited  
Level 12  
680 George Street  
Sydney NSW 2000  
Facsimile: **61+2 9287 0309**

- (k) Corporate Members should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of Section 127 of the Act. Section 127 of the Act provides that a company may execute a document without using its common seal if the document is signed by:
  - (i) 2 directors of the company; or
  - (ii) a director and a company secretary of the company; or
  - (iii) for a proprietary company that has a sole director who is also the sole company secretary - that director.
- (l) Completion of a proxy form will not prevent individual Members from attending the meetings in person if they wish. Where a Member completes and lodges a valid proxy form and then the Member attends the meeting in person, if the member votes on a resolution, their proxy is not entitled to vote, and must not vote, on that resolution.
- (m) Under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the share register at 7pm on Tuesday 25 October 2011. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

## EXPLANATORY MEMORANDUM

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

## ORDINARY BUSINESS

### Item 1. Financial Report

The *Corporations Act 2001* (Cth) requires:

1. the reports of the Directors and Auditors; and
2. the Annual Report, including the financial statements of the Company for the fiscal year ended 30<sup>th</sup> June 2011,

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

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

### Item 2. Remuneration Report

The Annual Report for the fiscal year ended 30 June 2011 contains a Remuneration Report, which forms part of the Directors Report and sets out details of the remuneration for the five highest remunerated Company and Group executives, each director and for each of the other key management personnel of the Company, in addition to describing Board policy in respect of remuneration, its relationship to the Company's performance, along with a detailed summary of any relevant performance conditions, why those particular conditions were chosen, and how performance is measured against them.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Corporations Act requires listed companies to put an annual non-binding resolution to members to adopt the Remuneration Report. In line with the legislation, the vote on this resolution is advisory only, and is not binding on the Company or the Board, however the Board will have regard to the outcome of the vote and any discussion when setting the remuneration policies in future years.

A voting exclusion statement applies to this resolution as set out in the Notice of Meeting.

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

*The Chairman of the Meeting intends to vote all available proxies in favour of this item of business.*

### **Item 3. Re-election of Director**

Mr Gregory Allen Short is required to retire at this Annual General Meeting, and seeks re-election.

Further information in relation to the director is as follows:

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.

In January 2010, Mr Short became a non-executive director of Pryme Oil and Gas Limited (ASX: PYM) and in July 2010 Mr Short joined the Board as a non-executive director of Po Valley Energy Limited (ASX: PVE).

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

*The Chairman of the Meeting intends to vote all available proxies in favour of this item of business.*

### **SPECIAL BUSINESS**

- Item 4. Issue of options to the Managing Director & Chief Executive Officer, Mr Jürgen Hendrich**  
**Items 5 to 8. Issue of options to the Chairman, Mr Nicholas Heath, and to Non-Executive Directors, Messrs Stephen Hopley, Gregory Short and Michael Sweeney**

#### ***Overview of proposal - Item 4 – Issue of options to the Managing Director & Chief Executive Officer, Mr Jürgen Hendrich***

In accordance with ASX Listing Rule 10.14, shareholder approval is being sought for the proposed grant of 3,000,000 options to the Company's Managing Director & Chief Executive Officer, Mr Jürgen Hendrich under the Company's Long Term Incentive Plan (Plan) on the terms set out below.

The Directors have considered competitive practice in the oil and gas industry as to the level and structure of the Managing Director & Chief Executive Officer's remuneration and have concluded that the proposed issue of options on the terms set out in this Notice is appropriate in the circumstances.

The Board considers it appropriate that Mr Hendrich be provided options to ensure that the remuneration paid by the Company to the Managing Director & Chief Executive Officer is competitive in comparison to its peers and enables the Company to attract and retain high calibre executives. The awarding of share options is a common and simple mechanism for providing a strong incentive for the Managing Director & Chief Executive Officer to grow the market value of the Company to the advantage of shareholders. For these proposed options to have any value in the hands of the Managing Director and C Chief Executive Officer, the share price will have to increase from the current level of approximately 18 cents to in excess of 50 cents. Options previously granted to Mr Hendrich will all have lapsed by September 30, 2011, in accordance with the terms of their grant.

If shareholder approval is obtained, it is intended that the options will be issued shortly after the annual general meeting, but in any event no later than 12 months after the meeting or any adjournment of the meeting.

The specific terms of the options to be issued to Mr Hendrich are detailed below.

#### ***Overview of proposal - Items 5 to 8 – Issue of options to the Chairman, Mr Nicholas Heath, and to Non-Executive Directors, Messrs Stephen Hopley, Gregory Short and Michael Sweeney***

In accordance with ASX Listing Rule 10.14, shareholder approval is being sought for the proposed grant of 900,000 options to each of the Company's current Non-Executive Directors, Messrs Nicholas Heath, Stephen Hopley, Gregory Short and Michael Sweeney under the Company's Long Term Incentive Plan (Plan) on the terms set out below.

The Directors have considered the current structure of Non-Executive Director remuneration and have concluded that the proposed issue of options on the terms set out in this Notice is appropriate in the circumstances. The Directors have received external advice as to the level and structure of Director remuneration and have concluded that the proposed grants of options on the terms set out in this Notice are reasonable in the circumstances. The Board considers it appropriate that the above mentioned Directors are granted options to ensure that the remuneration paid by the Company to its Directors is competitive in comparison to its peers and enables the Company to attract and retain high calibre Directors

Options previously granted to the Non-Executive Directors will all have lapsed by **30 September 2011** in accordance with their terms of grant. If shareholder approval is obtained, it is intended that the options will be issued shortly after the annual general meeting, but in any event no later than 12 months after the meeting or any adjournment of the meeting.

The specific terms of the options to be issued to each of Messrs Heath, Hopley, Short and Sweeney are detailed below.

**Specific terms applicable to the proposed grant to the Managing Director & Chief Executive Officer, Mr Jürgen Hendrich (Item 4)**

- Mr Hendrich will be granted 3,000,000 options, divided into 3 equal tranches of 1,000,000 options each as follows:

Tranche	Vesting date	Exercise price
Tranche 1 (1,000,000 options)	1 July 2012	50 cents
Tranche 2 (1,000,000 options)	1 July 2013	50 cents
Tranche 3 (1,000,000 options)	1 July 2014	50 cents

- Each option issued to Mr Hendrich will be subject to a service condition ending on 1 July 2012, 1 July 2013 and 1 July 2014 as applicable. Options will vest on the relevant vesting date (being 1 July 2012, 1 July 2013 and 1 July 2014 as applicable), provided the Managing Director & Chief Executive Officer remains in the service of the Company throughout that period. Upon vesting, the options are exercisable at any time until they expire on 1 July 2016.
- The exercise price for each option will be \$0.50. Each option entitles the holder to 1 fully paid ordinary share in the Company.
- The 50 cent exercise price for the options represents a 277% increase above the prevailing share price at 1<sup>st</sup> July 2011. In the Board's view this represents a challenging increase to the Company's prevailing share price and assists to align a significant proportion of the Managing Director & Chief Executive Officer's remuneration with company performance. Given that the Company does not currently pay dividends, growth in the Company's share price is a strong indication of growth in shareholder wealth.

The Company's share price as at 1 July 2011 was 18 cents.

- Where the Managing Director & Chief Executive Officer ceases employment with the Company after the relevant vesting date (ie after 1 July 2012, 1 July 2013 and 1 July 2014 as applicable), vested options held by the Managing Director & Chief Executive Officer may be exercised within a period of 6 months following the Managing Director & Chief Executive Officer ceasing employment with the Company, and in any event, no later than 1 July 2016, after which time the options shall expire.

**Specific terms applicable to the proposed grants to the Chairman, Mr Nicholas Heath, and to Non-Executive Directors Messrs Stephen Hopley, Gregory Short and Michael Sweeney (Items 5 to 8)**

- Each of Messrs Heath, Hopley, Short and Sweeney will be granted 900,000 options, divided into 3 equal tranches of 300,000 options each as follows:

Tranche	Vesting date	Exercise price
Tranche 1 (300,000 options)	27 October 2012	50 cents
Tranche 2 (300,000 options)	27 October 2013	50 cents
Tranche 3 (300,000 options)	27 October 2014	50 cents

- The exercise price for each option will be \$0.50. Each option entitles the holder to 1 fully paid ordinary share in the Company.
- Options will vest on the relevant vesting date (being 27 October 2012, 27 October 2013 and 27 October 2014 as applicable), provided each of Messrs Heath, Hopley, Short and Sweeney is a director of the Company on the relevant vesting date. If a Non-Executive Director ceases to hold office as a director of the Company prior to the relevant vesting date of the options, that director's unvested options will lapse.
- Upon vesting, the options are exercisable at any time by the director prior to the expiry date. However, if a Non-Executive Director ceases to hold office as a director of the Company, any vested options must be exercised by that director within 12 months of the date the director ceases to hold office, otherwise they lapse.
- The expiry date of the options is 27 October 2015.

### **Overview of the Plan (Items 4, 5, 6, 7 and 8)**

The Plan was adopted by the Board on 13 September 2011.

Under the Plan, the Board may invite Eligible Executives (being an employee of the MEO Group (including a director employed in an executive capacity) or any other person who is declared by the Board to be eligible to receive a grant of LTI Securities under the Plan) to participate in a grant of LTI Securities, which may comprise of performance rights and/or options. The Board has determined that each of the current Non-Executive Directors of the Company are eligible to receive a grant of LTI Securities under the Plan.

Offers will be made on the terms set out in the Plan and on any additional terms as the Board determines.

Options and/or performance rights granted under the Plan will only vest, and in the case of options, become exercisable, where any performance condition and any other relevant conditions advised to the participant by the board have been satisfied.

On vesting of a performance right or following the exercise of an option (as the case may be), the Board will allocate the number of shares in respect of which the performance right have vested, or the options have been exercised. Any shares issued under the Plan will rank equally in all respects with other shares on issue at that time (except as regards any rights attaching to such shares by reference to a record date prior to the date of their issue).

Under the terms of the Plan:

- where a participant ceases to be an employee of the Group, that participants LTI Securities will continue to be held by the participant and continue to be subject to the Plan Rules and the relevant conditions advised to the participant by the Board except that any continuous service condition will be deemed to have been waived;
- notwithstanding the above, the board may determined (in its absolute discretion) that some or all of a participants LTI Securities will:
  - vest or become exercisable,
  - are only exercisable for a prescribed period and will otherwise lapse;
  - continue to be subject to some or all of the performance conditions; or
  - lapse on the date of cessation of employment,either prior to or within 60 days after a participant ceases to be an employee of the Group.

In the event of a takeover, a scheme of arrangement, other reconstruction or amalgamation of the Company, a winding up of the Company or other event which is likely to result in a change of control of the Company, the Board may, in its absolute discretion, determine that all or a specified number of a participant's unvested performance rights and/or options vest, having regard to all relevant circumstances, including whether performance is in line with any applicable performance condition over the period from the date of grant to the relevant event, and the portion of any applicable performance period or period of service that has expired at the date of the relevant event. Unless the Board determines otherwise, any vested options will be exercisable for a period specified by the Board and will lapse if not exercised within the specified period.

In accordance with the terms of the Plan, prior to the allocation of shares to a participant upon vesting of performance rights or exercise of options (as the case may be) the Board may make any adjustments it considers appropriate to the terms of a performance right and/or option granted to a participant in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action or capital reconstruction. Without limiting the foregoing, if:

- shares are issued pro rata to the Company's shareholders generally by way of a bonus issue (ither than an issue in lieu of dividends or by way of a dividend reimbursement) involving capitalisation of reserves of distributable profits;
- shares are issued pro rata to the Company's shareholders generally by way of a rights issue; or
- any reorganisation (including consolidated, subdivision, reduction or return) of the issued capital of the Company is effected,

then the Board may, in its discretion, adjust:

- the number of performance rights or options to which each participant is entitled;
- the number of shares to which each participant is entitled upon vesting of performance rights or exercise of options;
- any amount payable on vesting of the performance rights or exercise of options; or
- where appropriate, a combination of the above,

in the manner determined by the Board, having regard to the ASX Listing Rules and the general principle set out above. Where additional performance rights or options are granted to a participant, such performance rights or options will be subject to the same terms and conditions as the original performance rights or options granted to the participant (including any performance conditions) unless the Board determines otherwise.

**Other Information (Items 4, 5, 6, 7 and 8)**

- The Managing Director & Chief Executive Officer (Mr Jürgen Hendrich) and each of the Non-Executive Directors (Messrs Nicholas Heath, Stephen Hopley, Gregory Short and Michael Sweeney) are currently the only directors entitled to participate in the Plan.
- The options will be issued to Managing Director & Chief Executive Officer and to each of the Non-Executive Directors at no cost to them.
- The Managing Director & Chief Executive Officer and each of the Non-Executive Directors will not receive any loan in relation to the exercise of any options.
- As this is a new Plan, this is the first grant of LTI Securities to the Managing Director & Chief Executive Officer and the Non-Executive Directors under the Plan and there have been no prior approval sought under the ASX Listing Rules for the issue of securities under the Plan.
- If shareholders do not approve the proposed grant of options to the Managing Director & Chief Executive Officer, the Company will need to consider other means of providing a long term incentive for the Managing Director & Chief Executive Officer, including providing a benefit to him in the form of cash or securities purchased on-market.
- Voting exclusion statements apply to Items 4, 5, 6, 7 and 8, as set out in the Notice of Meeting.
- The ASX requires, under ASX Listing Rule 10.14, that shareholders approve the grant of new securities to a director. Approval is being sought to allow the Company flexibility to either issue new shares or to purchase shares on-market for allocation to the Managing Director & Chief Executive Officer and to each of the Non-Executive Directors upon vesting and exercise of the options. It is the Company's current intention to issue new shares to the Managing Director & Chief Executive Officer and each of the Non-Executive Directors upon vesting and exercise of the options.

*The Board (other than Mr Hendrich) unanimously recommends that shareholders vote in favour of Item 4.*

*Each of the Non-Executive Directors (due to their interest in the resolutions) do not make a voting recommendation to shareholders in relation to Items 5, 6, 7 and 8.*

*The Chairman of the Meeting intends to vote all available proxies **in favour** of Items 4, 5, 6, 7 and 8.*