



Methanol Australia Limited

ACN 066 447 952

Level 25
500 Collins Street
Melbourne Victoria 3000 Australia

Tel: (+61 3) 9614 0430
Fax: (+61 3) 9614 0660
Email: admin@methanol.com.au
Website: www.methanol.com.au

ASX AND MEDIA RELEASE

RIG SECURED TO DRILL UP TO THREE WELLS IN NT/P68

Key Points:

- **Letters of Intent executed securing West Atlas Jack-up drilling rig**
- **Rig to arrive at Heron-2 location in August 2007**
- **West Atlas to drill first two firm wells in NT/P68 with an option for a further well**

MELBOURNE, AUSTRALIA (October 11, 2006) -- Methanol Australia Limited (ASX: MEO) advises that Letters of Intent to enter into a drilling rig contract have been executed between Stella Shipping International Inc (Seadrill), Coogee Resources (Ashmore Cartier) Pty Ltd and the Methanol Australia securing the West Atlas Jack-up Drilling Rig for a minimum contract term of twelve months. The rig will initially drill the Company's firm wells and then move to the location of the Coogee wells.

The West Atlas is a new rig of well proven design in construction at the Keppel FELS construction yard in Singapore and is currently scheduled to be completed in August 2007. The rig would then be delivered shortly thereafter to the location of the Heron-2 well on the Epenarra structure in the Company's Exploration Permit, NT/P68.

Epenarra is a clearly defined structure. 3D seismic data is currently being acquired to confirm distribution and orientation of faults and fracturing within the 50m gas bearing fractured carbonate zone intersected by the Heron-1 well, which was drilled by ARCO in 1972. This data will be used to determine the optimum location for the Heron-2 appraisal well.

The second well in the Company's planned 2007 drilling program is Blackwood-1. Compagnie Generale de Geophysique Group (CGG) has been contracted to acquire approximately 600 line kilometres of infill 2D seismic over the Blackwood structure in NT/P68 during November 2006. The new 2D seismic data will improve the structural mapping of Blackwood and confirm the final well location.

The option for a third well may be exercised following analysis of the results from the Heron-2 well.

C.R. Hart
Managing Director
11 October 2006

Image of the West Atlas Jack-up rig

