



**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](mailto:admin@methanol.com.au)  
Website: [www.methanol.com.au](http://www.methanol.com.au)

October 31, 2006

Ms Kate Kidson  
Senior Advisor, Issuers  
Australian Stock Exchange Limited  
Level 3  
Stock Exchange Centre  
530 Collins Street  
Melbourne VIC 3000

Dear Ms Kidson,

**Re: Price query**

In regard to your query in relation to the recent price increases in our stock, we make the following responses to your specific numbered points:

1. The Company is not aware of any information that has not already been announced to the market.  
Today, the Company made an announcement regarding the successful completion of the 500 square kilometre 3D seismic acquisition program in our 100% owned exploration permit, NT/P68. This announcement also described the purpose of the new seismic data and provided a schedule for the planned 3 well drilling program in the permit commencing in August 2007.
2. Not applicable.
3. The Company is presently conducting confidential discussions with a number of substantial international corporations in regard to the possible participation in various aspects of the Company's projects. This interest is unsolicited and at this stage, the Company remains committed to evaluating the potential of NT/P68 at its 100% interest.

Additionally, the Company draws attention to the unsolicited article by Mr Clive Henley in the Monday, October 30, 2006 edition of the Herald Sun.

Further, we direct your attention to the announcement made by Nexus Energy Ltd on Thursday, October 26, 2006. This announcement described a major farm-in to the

Echuca Shoal permit, WA-377-P in the Browse Basin (offshore, Western Australia) by Shell Development (Australia). The farm-in reflects terms where Shell would pay US\$50 million to earn 34% of the permit, which values WA-377-P at approximately US\$147 million (at 100%).

The Epenarra structure in NT/P68, discovered by the Heron-1 well in 1972 has a similar potential gas in place range (2.9 - 9 Tcf) to Echuca Shoals (2.5 Tcf+). Further, Epenarra has significantly higher potential associated gas liquids yields (120 to 300 bbls/MMscf) than Echuca Shoals (40 - 120 bbls/MMscf). On the basis of the Nexus transaction, NT/P68 would be valued at 78 cents per share on a fully diluted equivalent basis. This also ignores the additional value of: (a) the higher potential gas to liquid ratio, (b) the greater number of prospects in NT/P68 and, (c) the environmental approvals of MEO's LNG and methanol projects.

We can only conclude that the share price change has resulted from the markets better understanding of our business plans and intrinsic value.

4. To the best of our knowledge, the Company is in full compliance with the listing rules and, in particular, listing rule 3.1.

We trust these explanations satisfy your queries and please immediately contact us if you wish to discuss the matter further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Christopher Hart', with a stylized, overlapping loop structure.

**Christopher Hart**  
Managing Director  
Methanol Australia Limited



31 October 2006

Mr Chris Hart  
Methanol Australia Limited  
Level 25  
500 Collins Street  
Melbourne VIC 3000

by email :- [chris.hart@methanol.com.au](mailto:chris.hart@methanol.com.au)

Dear Chris,

**Methanol Australia Limited (the "Company")**

**RE: PRICE QUERY**

We have noted a change in the price of the Company's securities from 38.5 cents at the close of trading yesterday to a high of 48 cents today.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at [kate.kidson@asx.com.au](mailto:kate.kidson@asx.com.au) or by facsimile on **facsimile number 03 9614 0303**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m.EDST) on Wednesday, 1 November 2006).

Australian Stock Exchange Limited  
ABN 98 008 624 691  
Level 3  
Stock Exchange Centre  
530 Collins Street  
Melbourne VIC 3000

GPO Box 1784Q  
Melbourne  
VIC 3001

Telephone 61 (03) 9617 7831  
Facsimile 61 03 9614 0303  
Internet <http://www.asx.com.au>

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

Sent by electronic means without signature

Kate Kidson

**Senior Adviser, Issuers**