

METHANOL AUSTRALIA LIMITED

ACN 066 447 952

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of members of Methanol Australia Limited will be held in the Meeting Room of The Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne on Friday, 10 November 2006 at 10.30 am.

AGENDA

- To receive and consider the Annual Financial Report for the year ended 30 June 2006 and the reports of the Directors and Auditor thereon.**
- To receive and adopt the Remuneration Report for the year ended 30 June 2006.**
(Note – the vote on this resolution is advisory only and does not bind the Directors of the Company)

ORDINARY BUSINESS

- To consider and, if thought fit, pass the following resolutions as ordinary resolutions:**
 - Re-election of Mr Warwick Bisley**
“ That Mr Warwick Bisley, being a Director of the Company, who retires pursuant to the Constitution of the Company and, being eligible for re-election offers himself for re-election, is hereby re-elected as a Director of the Company.”
 - Re-election of Mr Walter John Dewé**
“ That Mr Walter John Dewé, being a Director of the Company, who retires pursuant to the Constitution of the Company and, being eligible for re-election offers himself for re-election, is hereby re-elected as a Director of the Company.”

SPECIAL BUSINESS

- To consider, and if thought fit, pass the following resolution as an ordinary resolution:**
“That approval be given to the Directors to grant, within 1 month from the date of this meeting, 1,000,000 free 30 November 2009 options over ordinary fully paid shares in the capital of the Company at an exercise price of 50 cents per share, to Mr W Bisley.
- To consider, and if thought fit, pass the following resolution as an ordinary resolution:**
“That approval be given to the Directors to grant, within 1 month from the date of this meeting, 1,000,000 free 30 November 2009 options over ordinary fully paid shares in the capital of the Company at an exercise price of 50 cents per share, to Mr W Dewé.
- To consider, and if thought fit, pass the following resolution as an ordinary resolution:**
“That approval be given to the Directors to grant, within 1 month from the date of this meeting, 1,000,000 free 30 November 2009 options over ordinary fully paid shares in the capital of the Company at an exercise price of 50 cents per share, to Mr C R Hart.
- To consider, and if thought fit, pass the following resolution as an ordinary resolution:**
“That approval be given to the Directors to grant, within 1 month of the date of this meeting, 1,000,000 free 30 November 2009 options over ordinary fully paid shares in the capital of the Company at an exercise price of 50 cents per share, to Mr A J Rigg.
- To consider, and if thought fit, pass the following resolution as an ordinary resolution:**
“That approval be given to the Directors to grant, within 1 month of the date of this meeting, 1,000,000 free 30 November 2009 options over ordinary fully paid shares in the capital of the Company at an exercise price of 50 cents per share, to Mr J M D Willis.

By order of the Board of Methanol Australia Limited



D.B. Hill
Secretary
10 October 2006

VOTING EXCLUSION STATEMENT

The Company will disregard any vote cast in relation to any of Resolutions 4 to 8 (inclusive) in respect of any shares held by a Director or an associate of a Director. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

NOTES

1. Voting

- (a) Methanol Australia Limited has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the shares of Methanol Australia Limited that are quoted on Australian Stock Exchange Limited as at 7.00pm on 8 November 2006, will be taken, for the purposes of the General Meeting, to be held by the persons who held them at that time. Accordingly, those persons will be entitled to attend and vote at the meeting.
- (b) A Member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
- (c) A proxy duly appointed need not be a Member. In the case of joint holders all must sign.
- (d) A form of proxy accompanies this Notice and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting. Any proxy lodged after that time will be treated as invalid.
- (e) Directors and Officers of all corporate shareholders should note that unless the corporate shareholder either:
 - (i) completes and lodges with the Company a valid form of appointment of proxy in accordance with the instructions on the enclosed Proxy Form; or
 - (ii) completes and either lodges with the Company prior to the meeting a form of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act or causes such personal representative to attend the meeting with such form of appointment; or
 - (iii) has appointed an attorney;and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
- (f) 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, Methanol Australia Limited at its registered office:

Level 25
500 Collins Street
Melbourne Vic 3000
Facsimile: **61+ 3 9614 0660**.
 - (ii) by delivery (by hand, mail, or facsimile) to the Methanol Australia Limited share registry:

Link Market Services Limited
Level 4
333 Collins Street
Melbourne Vic 3000
Facsimile: **61+3 9287 0303**

- (g) 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.
- (h) 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 attends the meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at the meeting.
- (i) Where a proxy form or form of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy

2. **Business of the Meeting**

Resolution 1: Annual Financial Report

The Company's financial statements and reports for the last financial year, which are contained in the 2006 Annual Report, will be laid before the meeting. While no resolution is required, shareholders are encouraged to ask questions and make comments on the financial statements and reports.

Resolution 2: Remuneration Report

The Remuneration Report, contained in the 2006 Annual Report, will be laid before the meeting. While the resolution is not binding on Directors, shareholders are encouraged to ask questions and make comments on the Remuneration Report.

Resolutions 3 and 4: Re-election of Directors

The Company's constitution requires that at every annual general meeting, one-third or the next highest number to one-third of the Directors, shall retire from office, and provides that such Directors are eligible for re-election at the meeting.

Resolutions 4 to 8 (inclusive)

The resolutions, if passed will approve the grant to Directors of options to subscribe for up to 1,000,000 ordinary fully paid shares each, at a price of 50 cents per share, and approve the issue of up to 1,000,000 ordinary fully paid shares on the exercise of those options.

The terms of issue of the options are set out below.

The Board policy in relation to Directors' remuneration as set out in the Remuneration Report, includes long term incentives, in the form of options, so as align the interests of Directors with those of shareholders. In the event that the resolutions are approved and the options granted, the fair value of the options at grant date will be recognised and reported in the Remuneration Report, as the expense for the services received by the Company, in accordance with the Company's accounting policy and accounting standard *AASB 2 Share-based Payment*.

Independent Expert Valuation

The fair value of the options at date of grant will be determined by independent valuation by DMR Corporate Pty Ltd.

For the purpose of this note to the notice of meeting, DMR Corporate Pty Ltd has assessed the fair value of the options proposed to be granted to each of the Directors, at \$0.0635 each, employing a binomial option pricing model and using a current market value of the Company's shares as at 6 October 2006, of 22.5 cents.

Terms and Conditions of 30 November 2009 Options

Exercise price

Each option entitles the holder to subscribe for 1 fully paid ordinary share in Methanol Australia Limited at a subscription price of \$0.50 per share.

Manner of exercise

Each option is exercisable at any time on or prior to 5:00pm (AEST) on 30 November 2009 by completing an option exercise form and delivering it to Methanol Australia Limited together with payment for the share in respect of which the option is exercised and the option holding statement for the option.

Assignment of options

Options are not assignable or transferable without the prior written consent of the Directors, except in the case of the death of the holder when the options may be transmitted to the personal representative of the deceased.

Expiration of options on cessation of employment

On cessation of employment by, or by any subsidiary of, Methanol Australia Limited, options may be exercised for a period of 6 months, after which time the options shall expire.

Ranking and quotation of shares

All shares issued upon exercise of options will rank equally in all respects with the then existing fully paid ordinary shares in Methanol Australia Limited. Within 10 business days after the issue of shares upon exercise of options, Methanol Australia Limited will apply to ASX for those shares to be admitted to quotation.

Participation rights

Holders of options may only participate in a new issue of securities to holders of ordinary shares in Methanol Australia Limited if an option has been exercised and a share issued in respect of that option before the record date for determining entitlements to the new issue. Methanol Australia Limited must give holders of options at least 6 business days' notice of the record date for determining entitlements to that new issue in accordance with the ASX Listing Rules.

No change to option terms

There will be no change to the exercise price of an option or the number of shares over which an option is exercisable in the event of Methanol Australia Limited making a pro rata issue of shares or other securities to holders of ordinary shares in Methanol Australia Limited (other than a bonus issue).

Reorganisation of capital

In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, all of the options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.

**PROXY FORM
METHANOL AUSTRALIA LIMITED
(ACN 066 447 952)**

The Company Secretary
Methanol Australia Limited
Level 25
500 Collins Street
Melbourne Vic 3000

I/We (name of shareholder).....
of (address).....

being a member/members of Methanol Australia Limited HEREBY APPOINT

(name) or failing that person then the
Chairman of the General Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the
Company to be held at The Meeting Room of the Institute of Chartered Accountants in Australia, Level 3, 600 Bourke Street
Melbourne, in the State of Victoria on 10 November 2006 at 10.30 AM (AEST) and at any adjournment of the meeting.

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS – To indicate your instructions mark

X

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. Otherwise my proxy is to vote as follows:

		FOR	AGAINST	ABSTAIN
Resolution 2	Remuneration Report			
Resolution 3 (a)	Re-election of W Bisley			
Resolution 3 (b)	Re-election of W J Dewé			
Resolution 4	Grant of options to W Bisley			
Resolution 5	Grant of options to W Dewé			
Resolution 6	Grant of options to C R Hart			
Resolution 7	Grant of options to A J Rigg			
Resolution 8	Grant of options to J M D Willis			

Subject to the operation of the express voting exclusions contained in the notes to the notice of meeting, the Chairman's intention is to vote an undirected proxy in favour of each resolution to be put to the meeting.

If you do not wish to direct your proxy how to vote, please place a mark in the box.

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By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

My total voting right is _____ shares. This Proxy is appointed to represent _____ % of my voting right, or if 2 proxies are appointed Proxy 1 represents _____ % and Proxy 2 represents _____ % of my total votes. If no direction is given above or if more than one box is marked in relation to a resolution, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of that resolution at the meeting and any adjournment of the meeting.

Signature(s)

Date

Individual or
Joint Shareholder 1

Director/Company Secretary

Joint Shareholder 2

Director

Joint Shareholder 3

Sole Director & Sole Company
Secretary

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A Member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
2. A proxy duly appointed need not be a Member. In the case of joint holders all must sign.
3. This form and any document necessary to show the validity of the form of proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting. Any form of proxy lodged after that time will be treated as invalid.
4. Directors and Officers of all corporate shareholders should note that unless the corporate shareholder either:
 - (a) completes and lodges with the Company a valid form of appointment of proxy; or
 - (b) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of personal representative in accordance with the provisions of Section 250D of the Act or causes such personal representative to attend the meeting with such form of appointment or certificate; or
 - (c) has appointed an attorney;and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
5. Proxy and corporate representative appointment forms may be returned to the Company in any of the following ways:
 - (i) by delivery (by hand, mail, courier or facsimile) to the Company Secretary, Methanol Australia Limited at its registered office:
Level 25
500 Collins Street
Melbourne Vic 3000
Facsimile: **61+ 3 9614 0660**
 - (ii) by delivery (by hand, mail, courier or facsimile) to Methanol Australia Limited's share registry, namely:
Link Market Services Limited
Level 4
333 Collins Street
Melbourne Vic 3000
Facsimile: **61+3 9287 0303**
6. Corporate Members should 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:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary - that director.For the Company to rely on the assumptions set out in Sections 129(5) and (6) of the Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. **In particular a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.**
7. Completion of a proxy form will not prevent individual Members from attending the meeting in person if they wish. Where a Member completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at the meeting.
8. Where a proxy form or form of appointment of or certificate of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.
9. Inasmuch as the Chairman of the meeting is appointed as proxy for a member if the member does not nominate another person as his primary proxy and inasmuch as, in the absence of a primary proxy so appointed, the proxy form also provides for the Chairman of the meeting to act as proxy, the following information is given.