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ASX AND MEDIA RELEASE

MAJOR PROJECT FACILITATION STATUS GRANTED BY COMMONWEALTH

Key Points:

- **Australian Industry Minister Ian Macfarlane grants MPF Status to MEO projects**
- **MPF granted to speed development of MEO Tassie Shoal GTL projects**

MELBOURNE, AUSTRALIA (January 29, 2007) -- MEO Australia Limited (ASX: MEO) (formerly Methanol Australia Ltd), has welcomed the decision by the Federal Government to grant Major Project Facilitation (MPF) status to its two major gas projects which are planned for the Australian waters of the Timor Sea.

Managing Director Chris Hart said the decision by the Minister for Industry, Tourism and Resources, Ian Macfarlane, to grant MPF to the Timor Sea LNG Project and the Tassie Shoal Methanol Project would help speed the projects' development.

"MPF had originally been granted to the Tassie Shoal Methanol Project in December 2001. The new MPF grant not only renews this, but has included the proposed LNG Project. This is further recognition of the importance of these developments to Australia and the Northern Territory," he said.

"Importantly, both projects have also received their Commonwealth environmental approvals."

"MEO Australia would like to thank the Minister and his Department for the help we have received since the original methanol project on Tassie Shoal was first proposed in 2000. Their belief in both projects, together with the MPF status and the expertise of Invest Australia assisting the Company are vital."

"While methanol production was originally the prime focus for MEO Australia, the Company has expanded the focus to include the exploration and appraisal of its 100% owned Exploration Permit, NT/P68 as well as the development of the off-shore LNG production facility. This plant is designed to manufacture in excess of 3 million tonnes of LNG each year. "

Chris Hart said recent studies and laboratory tests showed that NT/P68 showed considerable promise with the potential for significant liquids rich gas. A well drilled in the permit by Arco in 1972 (Heron-1) intersected a 50m gas bearing zone in a fractured carbonate section of the Darwin formation. This zone had an estimated structural closure of 1,200 sq km and has been named Epenarra.

“Results of basin modelling and geochemistry analysis have supported the view that Epenarra’s gas may contain significant quantities of condensate,” said Chris Hart.

The Heron-1 well also encountered the upper part of a gas bearing sand in the top of deeper Elang/Plover Formation, where the well had reached its total design depth. The Plover Formation is the principal reservoir sand of all existing gasfields in the region.

“New 2D and 3D seismic has been acquired and the processing is nearing completion. Interpretation will now commence to identify the optimum well locations.”

MEO Australia has committed to drill up to three wells in the permit, commencing in the third quarter of 2007 using the West Atlas jack-up rig.

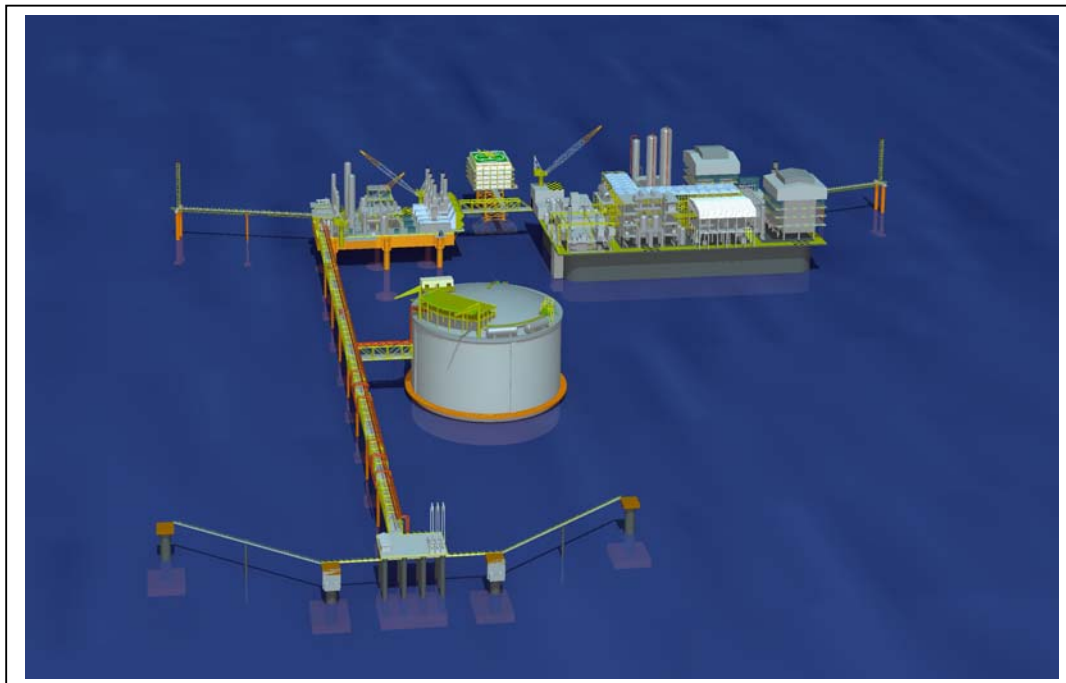


C.R. Hart
Managing Director
29 January 2007

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MEDIA RELEASE

The Hon Ian Macfarlane, MP

Minister for Industry, Tourism and Resources

29 January 2007

TIMOR SEA GAS PROJECTS GRANTED MAJOR PROJECT STATUS

Australian Industry Minister Ian Macfarlane today granted Major Project Facilitation (MPF) status to speed development of two major Timor Sea gas projects.

The Timor Sea LNG Project and the Tassie Shoal Methanol Project involve development of gas accumulations in the region, including the Epenarra gas discovery in the exploration permit area awarded in 2004 to Methanol Australia Limited, now known as MEO Australia Limited.

"These projects will further develop Australia's valuable petroleum resources and serve the rapidly expanding markets in the Asia Pacific region," Mr Macfarlane said.

"Australia also has lower sovereign risk and is highly competitive compared with other LNG-producing countries.

"MEO Australia Limited proposes to use advanced engineering concepts including the world's first offshore LNG production and loading facility. The LNG and methanol production facilities could also act as a hub to encourage the development of stranded gas discoveries in adjoining fields."

Mr Macfarlane said the LNG project and the adjoining methanol project would share common infrastructure on Tassie Shoal, a shallow area in the Bonaparte Basin, about 275 km north of Darwin.

"The new offshore facilities are expected to produce about 3 million tonnes of LNG a year and about 5,000 tonnes of methanol a day," Mr Macfarlane said.

"As well as providing a boost to Australia's exports, the projects offer considerable scope for economic benefits to Darwin.

"Each project will generate approximately 500 local jobs during the construction phase. Both are expected to create approximately 110 ongoing jobs when they are operational."

Mr Macfarlane said MPF status meant the Australian Government's inward investment agency, Invest Australia, would work with MEO Australia Limited to progress the projects through the approvals process and identify relevant government programs that may assist the projects.

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