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ASX RELEASE

2D SEISMIC ACQUISITION CONTRACT AWARDED TO CGG

MELBOURNE, AUSTRALIA (July 6, 2006) -- Methanol Australia Limited (ASX: MEO) is pleased to advise that a contract has been awarded to Multiwave Offshore Services, which is a part of the Compagnie Generale de Geophysique Group (CGG) to acquire approximately 600 line kilometres of 2D seismic during September 2006 utilizing the M/V Polar Duke.

The acquisition program is designed to add a number of infill lines to the extensive 2D grid already covering the Company's Exploration Permit, NT/P68. These infill lines are specifically targeting the Blackwood lead, which is a large structure within the Plover Formation in the north of the permit. The Plover Formation has already been shown to be an optimum hydrocarbon reservoir in the Bonaparte Basin, with a number of large gas fields previously discovered, including Greater Sunrise, Abadi, Evans Shoal and Caldita. The new seismic will improve the structural mapping of Blackwood and is expected to elevate it to Prospect and drill ready status.

Blackwood is a large conventional Plover play that is relatively shallow (3300m subsea). The Company expects good porosity/permeability at this depth of burial and therefore if hydrocarbons are confirmed by subsequent drilling, produceability should be assured. The closing contour of Blackwood appears to cover an area approximately 40 x 12 kilometres and a gas accumulation could significantly add to the potential hydrocarbon reserves in the permit.

The Company continues to progress the commercial aspects of its significant gas-to-liquid (GTL) projects on Tassie Shoal that have already obtained Commonwealth environmental approvals. NT/P68, lies approximately 25 km to the west of Tassie Shoal.

The Company remains highly optimistic about the potential of its 100% owned exploration permit and believes NT/P68 may offer the scope for confirmation of a commercial gas accumulation at Epenarra and discovery of other significant accumulations that may collectively support the future gas demands of its GTL projects.

M/V Polar Duke

C.R. Hart
Managing Director
6 July 2006

