

ASX ANNOUNCEMENT

16 January 2008

OPERATIONS REPORT

Metgasco (ASX:MEL) advises the following operational activities have been undertaken over the past week.

Pumps have been installed at Corella-P11 and dewatering has re-commenced after floods in the area halted operations. Pumps have now been installed at Riflebird-P11 and dewatering commenced over the past week.

Over the weekend Ensign Rig 50 completed drilling operations at Corella-P14. Pumps are currently being installed at Corella-P14 and Corella-P12. Once these operations are completed dewatering of the coal seam will commence.

Ensign Rig 50 has now mobilised to pilot production well Corella-P16 and is preparing to drill the angle section of this well.

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