

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

METGASCO LIMITED

ABN

24 088 196 383

Quarter ended ("current quarter")

31 December 2007

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(5,316)	(9,489)
(b) development	-	-
(c) production	-	-
(d) administration	(816)	(1,302)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	297	678
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid	-	-
1.7 Other –R&D tax and GST	117	1,286
<b>Net Operating Cash Flows</b>	<b>(5,720)</b>	<b>(8,831)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	(50)
(b) equity investments	-	-
(c) other fixed assets	(259)	(725)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Security deposits paid	(135)	(210)
1.12 Other (provide details if material)	3,953	4,660
<b>Net investing cash flows</b>	<b>3,559</b>	<b>3,675</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,161)</b>	<b>(5,156)</b>

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1.13	Total operating and investing cash flows (brought forward)	(2,161)	(5,156)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	300	600
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>300</b>	<b>600</b>
	<b>Net increase (decrease) in cash held</b>	<b>(1,861)</b>	<b>(4,556)</b>
1.20	Cash at beginning of quarter/year to date	14,509	17,204
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>12,648</b>	<b>12,648</b>

**Payments to directors of the entity & associates of the directors**  
**Payments to related entities of the entity & associates of the related entities**

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	215
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	N/A	

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A
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+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Amounts shown in item 1.12 represent funds received from joint venture partner pursuant to the Stratheden Joint Venture and Farm-in Agreement to PEL 16. The interest earned to date is currently 15% of the coal bed methane rights in 3 of the company's 11 graticular blocks in PEL 16.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(4,000)
4.2 Development	-
<b>Total</b>	<b>(4,000)</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,409	3,011
5.2 Deposits at call	11,239	11,498
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>12,648</b>	<b>14,509</b>

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**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	PEL 16	Joint Venture partner granted 7.5% beneficial interest in 3 of the 11 graticular blocks in PEL 16. Total interest in these blocks in now 15%	98%	96%
6.2 Interests in mining tenements acquired or increased	N/A			

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### Issued and quoted securities at end of current quarter

*Description includes rate of interest & any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b>	NIL			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	121,787,242	121,787,242		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,000,000	1,000,000		
7.5 <b>*Convertible debt securities</b>	NIL			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	NIL  NIL			
7.7 <b>Options</b> <i>(description and conversion factor)</i>	15,561,869 100,000 250,000 210,000 264,000 296,000 560,000		<i>Exercise price</i> \$0.30 \$0.30 \$0.32 \$0.30 \$0.35 \$0.40 \$0.50	<i>Expiry date</i> 30/06/2009 20/04/2011 22/05/2011 1/1/2012 1/1/2012 1/1/2012 1/1/2012
7.8 Issued during quarter	250,304 164,759 499,526 1,000,000 100,000		\$1.10 \$1.00 \$0.90 \$0.82 \$0.90	30/06/2012 30/06/2012 30/06/2012 21/11/2012 31/12/2012
7.9 Exercised during quarter	1,000,000		\$0.30	
7.10 Expired during quarter	NIL			
7.11 <b>Debentures</b> <i>(totals only)</i>	NIL			

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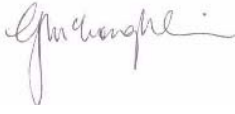
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7.12	<b>Unsecured notes</b>	NIL	
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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~/does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:  ..... Date: .31/01/08.....  
(Director/Company secretary)

Print name: Glenda McLoughlin

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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