

4th March 2008

UPGRADE IN PEL 16 GAS RESERVES

- **2P gas reserves now 247 PJ (27% increase)**

Metgasco Limited (ASX: MEL) advises it has achieved a further increase in gas reserves in the 2P category from its Reserve Expansion drilling program. Gas reserves in the 3P category (Possible) have also increased by approximately 20% to 1,389 PJ.

The drilling and testing results have been assessed by MHA Petroleum Consultants (Denver). MHA has provided an independent certification of gas reserves to the Company as follows:

PEL 16 – Independently Certified Gas Reserves

Category	Previous Reserves Sept 2007	Revised Reserves March 2008	Metgasco Net Interest Revised Reserves March 2008
2P Reserves (PJ)	195	247	213
3P Reserves (PJ)	1,156	1,389	1,181

PJ = Petajoules

This result reflects a further step forward in the Company's reserve upgrade program relating to its Stratheden joint venture with CS Energy. The Company is continuing its technical testing and evaluation program and further reserve upgrades are expected to be received over the coming months.

The reserve certification was prepared by Mr Tim Hower of MHA Petroleum Consultants, Denver, CO, USA. The methods employed in developing these reserve estimates are consistent with the ASX Listing Rules and Society of Petroleum Engineers guidelines on definitions of proved, probable and possible hydrocarbon reserves. MHA has consented to the use of the reserves figures in this announcement.

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