

ASX ANNOUNCEMENT

31 March 2008

METGASCO ANNOUNCES SHARE PURCHASE PLAN

Metgasco Ltd (ASX:**MEL**) is pleased to announce a Share Purchase Plan (“**SPP**”) to eligible shareholders.

Australian energy markets are experiencing rising demand for gas which offers a clean, low carbon emission¹ fuel supply for industry and power generation.

Over the past twelve months, Metgasco has pursued a very active coal seam gas exploration program and commercial agenda with considerable success. Since our last SPP the Company has:

- Achieved a 1,023% increase in independently certified 2P gas reserves in PEL 16 (from 22 to 247 petajoules). By comparison, annual gas consumption in NSW is approximately 150 petajoules. Additional reserve upgrades are anticipated over the coming months.
- Completed drilling our first pilot program utilising surface to in-seam completion techniques in February. These wells are currently in the early days of dewatering and production testing.
- Furthered the development of the Casino to Ipswich pipeline with the project being awarded Major Project status from the NSW Department of Planning. This project will provide an alternative route for gas supply into the south-east Queensland energy markets.
- Progressed gas sale contract negotiations with our foundation customer, CS Energy, towards a field development decision in the second half of 2008 and entered into a Joint Feasibility Study to supply 15 petajoules per year of coal seam gas to BP Australia and to examine the extension of the Casino to Ipswich gas transmission pipeline to the Port of Brisbane.

With strong momentum on our coal seam gas projects and considerable interest from customers in the Company's product, we are keen to further progress our existing projects and to commence our conventional oil and gas exploration agenda. The Company has committed to completing an extensive seismic acquisition program in the Clarence Moreton basin this year. We are confident that drillable targets will be identified from this program.

With this plan of action in mind, the Directors have resolved to allow shareholders (including Directors and employees who are shareholders) to purchase Metgasco shares for amounts ranging from \$1,000 to \$5,000 at a discount to the market price of the Company's shares. The SPP offer is for eligible Metgasco **shareholders on record as at 5.00pm (AEST) on Friday 28th March 2008** and is described on the following page. Detailed documentation will

¹ Gas fired power produces less than 50% less greenhouse gas emissions than conventional coal fired power for the same unit of output.

be sent to shareholders on Thursday 3rd April 2008. Applicants under the plan will not incur brokerage, commissions or other transaction costs.

The subscription price per Share will be \$0.70 (70 cents) per share which represents a 9.6% discount to the volume weighted average price over the previous five trading days prior to the announcement of the SPP. Further it represents a 24% discount to the volume weighted average price over the previous three months trading in the Company's shares on the ASX.

Funds raised by the SPP, together with Metgasco's existing cash reserves will allow Metgasco to:

- Expand its coal seam gas and conventional oil and gas exploration program;
- Progress additional gas commercialisation opportunities; and
- Provide additional working capital.

The SPP will be available to shareholders of the Company with a registered address in Australia and New Zealand. Prior to electing to participate in the SPP, shareholders should consider the terms and conditions of the SPP, their own financial objectives and circumstances, and whether participation in the SPP suits those objectives and circumstances.

METGASCO SHARE PURCHASE PLAN TIMETABLE

Date	Event	
28 th March 2008	Record date	The date on which Metgasco determines eligible shareholders. Shareholders must be on record by 5.00pm (Sydney EST).
3 rd April 2008	Dispatch date	SPP documents dispatched to shareholders
24 th April 2008	Closing date	Closing date for acceptances Applications must be received by 5.00pm (AEST)
7 th May 2008	Allotment and dispatch date	Allotment and dispatch of shareholder statements

For further information contact:

David Johnson Glenda McLoughlin
Managing Director Chief Financial Officer

Metgasco Limited

ACN 088 196 383
Level 3, 32 Walker St,
North Sydney NSW 2060
Tel: (02) 9923 9100
Fax: (02) 9923 9199
Website: www.metgasco.com.au