

ASX ANNOUNCEMENT



12th May 2008

RIFLEBIRD-E14 CONVENTIONAL GAS DISCOVERY

Metgasco (ASX:MEL) is pleased to advise that:

- Riflebird-E14 has produced gas and water on clean up flow at rates of up to 308,000 scf/day.
- Riflebird-E14 is the first conventional well drilled by Metgasco in the Clarence Moreton Basin.
- This well has now confirmed the presence of gas bearing sands in the Clarence Moreton basin which has significant positive implications for exploration prospectivity in the Basin.

Over the past 24 hours, Metgasco has re-entered Riflebird-E14 to conduct production tests on three target zones identified from previous drilling activities.

During testing of the first zone initial wellhead pressure built to 922psi after perforating the cement casing. The well flowed gas and water during clean up at rates of up to 308,000 scf/day (standard cubic feet per day) through a 16/64" choke. Pressure stabilised at 80 psi while flowing at 136,000 scf/day. This well has now been shut in for a pressure build-up test overnight as planned.

The forward plan is to examine the downhole pressure build up overnight. Two further zones will be perforated and tested over the coming days.

Metgasco's Managing Director, David Johnson, said "We have observed very positive initial results from the clean up flow and we are looking forward to further testing of these sands over the coming days. These results are likely to have significant positive implications for exploration prospectivity in the Clarence Moreton basin."

Riflebird-E14 (PEL 16) was previously drilled to a TD of 1,369 metres and intersected approximately 400 metres of the Koukandowie formation with the Heifer Creek sandstone being the primary target. Results from wireline logging indicated a gross sandstone interval of 49 metres. The drilling depth of this well was limited by the capability of Ensign Rig 50 which was primarily on-site to undertake pilot production drilling for the Company's coal seam gas projects. It is therefore likely that this well has only partially intersected the formation.

Metgasco has a 100% interest in Riflebird-E14.

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