

ASX ANNOUNCEMENT

3rd April 2009

RIGHTS OFFER TO FUND CONTINUED GROWTH – 100% SECURED THROUGH FIRM COMMITMENTS AND UNDERWRITING

Metgasco Ltd (ASX:MEL) today announced that it had secured firm commitments and underwriting for the \$7.7 million non-renounceable Rights Offer announced on 17 March 2009.

Metgasco Directors and their Associates have provided firm commitments to subscribe for \$1.1 million of shares issued under the Rights Offer. In addition, the Company has appointed Bell Potter Securities Limited ("Bell Potter") as Lead Manager and Underwriter to the Rights Offer. Bell Potter will underwrite up to \$6.6 million of the Offer¹. As a result, the entire Rights Offer has been secured providing certainty for Metgasco's overall capital raising.

This Rights Offer follows on from Metgasco's successful \$8 million placement last month, with total capital raised by the Company over the past month amounting to \$15.7 million before issue costs. The funds raised will be used to progress the Company's coal seam gas and conventional gas exploration projects in the Clarence Moreton Basin in New South Wales.

The Rights Offer is non-renounceable and will be conducted on the basis of one (1) new share for every eight (8) existing shares. The issue price of \$0.40 per share will apply to all eligible shareholders on the share register as at 7.00pm on Monday 30 March 2009. Detailed documentation will be mailed to shareholders today and has also been lodged with the Australian Securities Exchange.

The Managing Director of Metgasco, David Johnson said "The Rights Offer recognises the significant support we have received from our existing investors, and provides an opportunity for all Metgasco shareholders to participate in the overall capital raising on substantially the same terms as offered to institutional and sophisticated investors through the most recent placement."

Mr Johnson added "Metgasco has already established 2P reserves of 298 PJ and 3P reserves of 1,538 PJ and we own most of our gas reserves. All of our gas reserves are independently certified and we have the largest owned share of gas reserves in New South Wales with net reserves to Metgasco of 247 PJ (2P) and 1,389 PJ (3P). This additional capital raised through the Rights Offer allows us to continue to grow our large gas reserve position and progress our gas commercialisation opportunities. Whilst the majority of funding from this capital raising is focused on our coal seam gas projects, part of the funds raised through the Rights Offer will be used to undertake further appraisal drilling at our Kingfisher conventional gas field."

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¹ The underwriting agreement includes a number of termination events, including material disruptions in financial markets.