

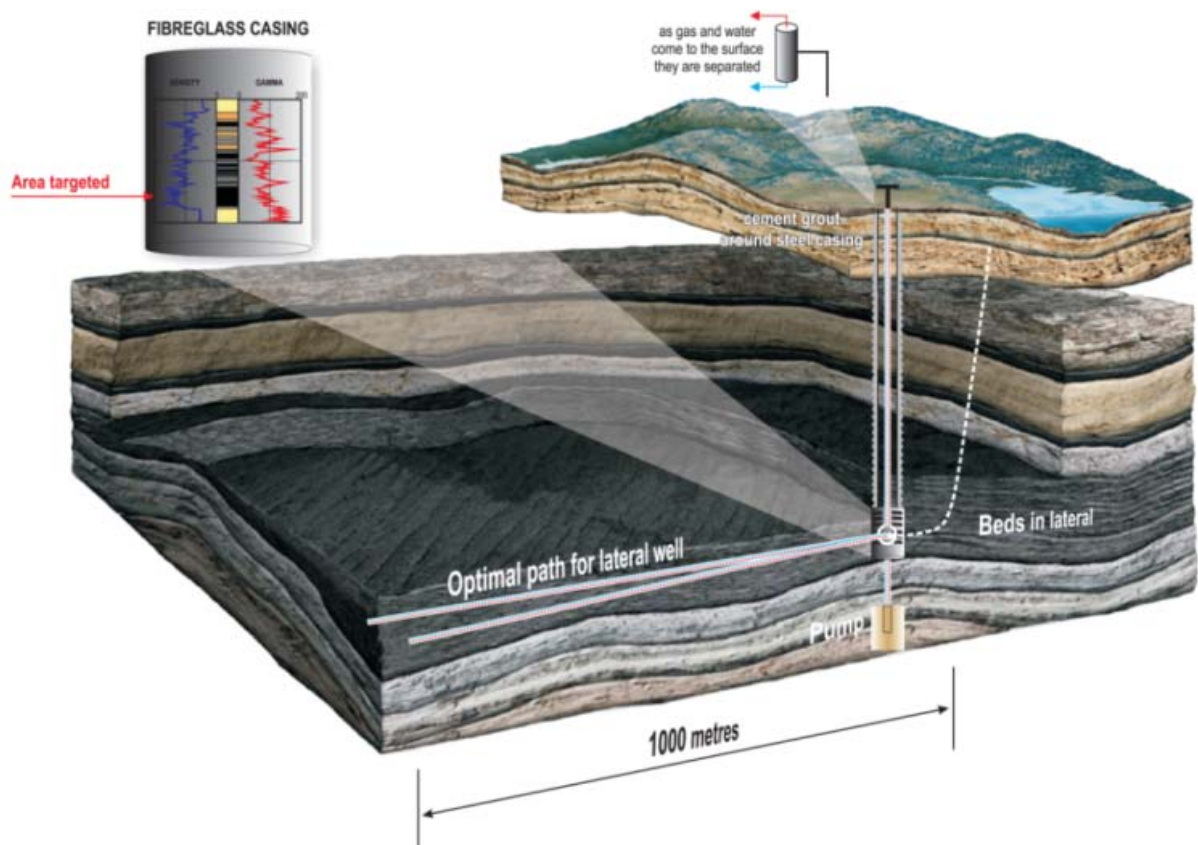
DRILLING TO COMMENCE ON NEW CSG PILOT WELL

Metgasco (ASX:MEL) advises that it is currently preparing to commence drilling its next generation coal seam gas (“CSG”) pilot well at Corella P18. This well is expected to spud over the weekend.

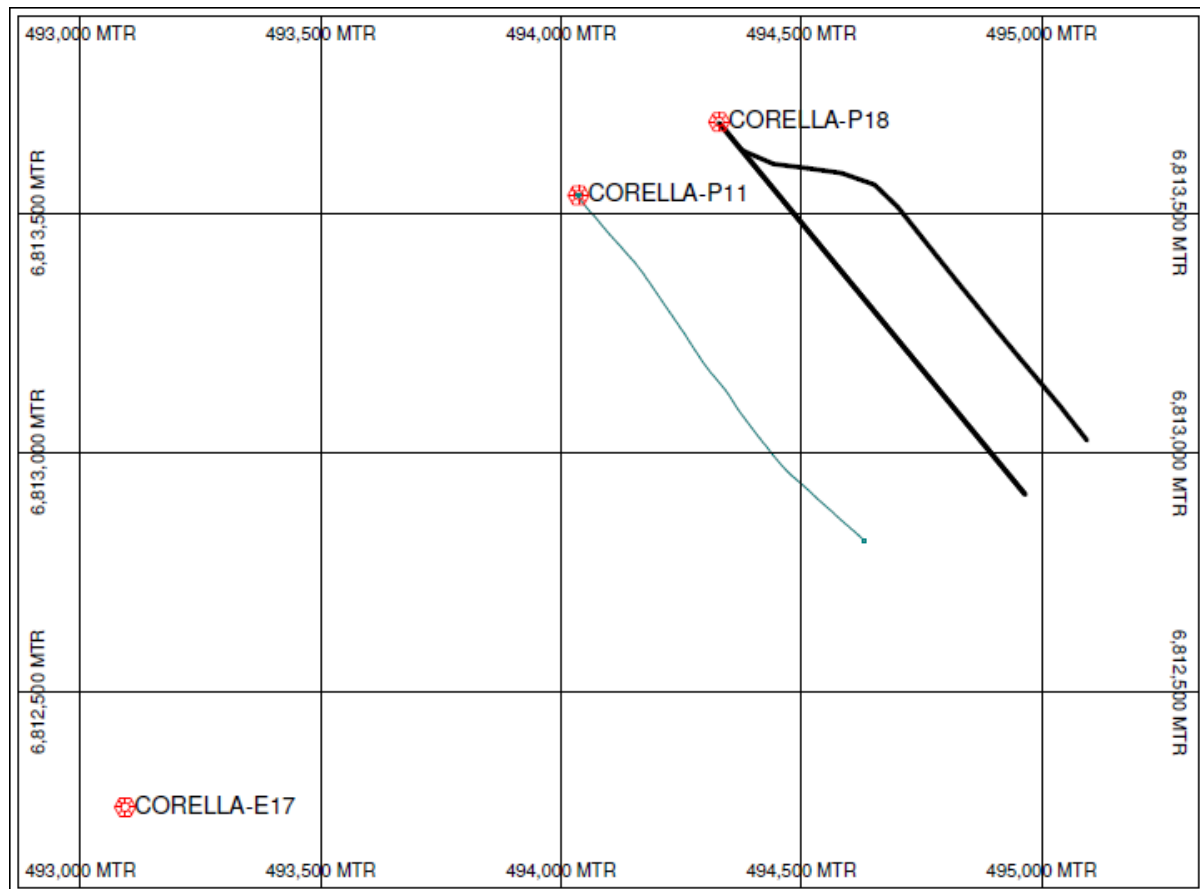
Corella P18 is designed as a dual lateral completion with a single vertical well intersect which will act as the water and gas offtake well.

This well will implement a number of design improvements identified from the Company’s previous CSG pilot drilling campaign which are intended to result in increased gas production rates. These engineering design changes include: improved drilling and completion design, improved drilling mud systems and improved steering systems.

In addition, the Company’s objective is to achieve 2,000 metres of in-seam drilling which will allow greater exposure to the coal face and provide an increased surface area for gas desorption. The design of Corella 18 is described below.



This well will be located close to the Company's current lead CSG pilot well, Corella P11. This well is a single lateral well which is continuing to produce gas and water, with a gas rate of 240,000 standard cubic feet per day recently achieved.



Metgasco is using Lucas Rig 150, which recently drilled the Company's successful Kingfisher well for the drilling of Corella P18.

Further updates will be provided to shareholders as drilling progresses.

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