

19 December 2005

AUSTRALIAN STOCK EXCHANGE
Via Electronic Lodgement

COMMENCEMENT OF DRILLING PROGRAM

Metgasco is pleased to announce that mobilization of the UDR 1200 for its forthcoming program commenced on Friday evening and the rig has now been delivered to site at South Casino.

The drilling program will involve the completion of two horizontal holes, the coring of a pre collar hole and the workover of vertical wells MSC-04 and MSC-06.

The drilling program is designed to improve the productivity of the field through predicted enhanced gas flows from horizontal drilling. Results from the horizontal wells combined with the coring of MSC-08 to provide additional data on gas content, will assist with the Company's reserve development strategy.

Overview of Project

Metgasco holds 100% of PEL16 located near Casino and Lismore in northern New South Wales. The Company is appraising the gas production potential of the Walloon Coal Measures in the Clarence Moreton Basin. The Walloon Coal Measures have been the subject of successful exploration and development activity in Queensland over the past four years.

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