

3 May 2007

AUSTRALIAN STOCK EXCHANGE  
Via Electronic Lodgement

## DRILLING REPORT

Metgasco (ASX:MEL) advises that the following drilling activity has taken place over the past week:

**Corella-E7** (Metgasco 85%, CS Energy earning 15%)  
Location: PEL 16, Stratheden Joint Venture Area  
Objective: Coring and associated testing of the Walloon coal measures. This is one of up to ten core wells being undertaken for the Company's joint venture with CS Energy. The goal of the joint venture drilling program is to establish up to 540 PJ in 2P gas reserves.  
Spud Date: 26 April 2007  
Drilling Activity: Current depth is 130 metres. BOP casing has been set and the rig is drilling ahead.

**Corella-E6** (Metgasco 85%, CS Energy earning 15%)  
Location: PEL 16, Stratheden Joint Venture Area  
Objective: Coring and associated testing of the Walloon coal measures. This is one of up to ten core wells being undertaken for the Company's joint venture with CS Energy. The goal of the joint venture drilling program is to establish up to 540 PJ in 2P gas reserves.  
Spud Date: 2 April 2007  
Drilling Activity: This well has been drilled to a current depth of 480 metres where the top coal seam has been intersected with coring continuing.

**Corella -E4** (Metgasco 85%, CS Energy earning 15%)  
Location: PEL 16, Stratheden Joint Venture Area  
Objective: Coring and associated testing of the Walloon coal measures. This is one of up to ten core wells being undertaken for the Company's joint venture with CS Energy. The goal of the joint venture drilling program is to establish up to 540 PJ in 2P gas reserves.  
Spud Date: 29 March 2007  
This well has been cored to a total depth of 799 metres with coal core samples totalling 29 metres obtained. This includes coal from previously unencountered deeper seams as was the case in Corella-E5. Logging has been completed and the well has been suspended pending additional testing.

**Corella-E5** (Metgasco 85%, CS Energy earning 15%)  
Location: PEL 16, Stratheden Joint Venture Area  
Objective: Coring and associated testing of the Walloon coal measures. This is one of up to ten core wells being undertaken for the Company's joint venture with CS Energy. The goal of the joint venture drilling program is to establish up to 540 PJ in 2P gas reserves.

Spud Date: 19 February 2007  
Drilling Activity: This well has been drilled to a total depth of 791 metres. The Company has obtained 32 metres of coal core sample comprising a well developed sequence of Walloon Coal Measures. This is a significant increase in coal volume observed at this location. Logging has now been completed and operations are suspended awaiting further testing.

**Corella-E3** (Metgasco 85%, CS Energy earning 15%)  
Location: PEL 16, Stratheden Joint Venture Area  
Objective: Coring and associated testing of the Walloon coal measures. This is one of up to ten core wells being undertaken for the Company's joint venture with CS Energy. The goal of the joint venture drilling program is to establish up to 540 PJ in 2P gas reserves.

Spud Date: 12 February 2007  
Drilling Activity: This well has been successfully drilled to a total depth of 717 metres. The Company has obtained 20 metres of coal core sample from the Walloon Coal Measures for desorption testing. Logging has been completed. This well has been capped and suspended prior to undertaking additional testing.

**Corella-E1** (Metgasco 85%, CS Energy earning 15%)  
Location: PEL 16, Stratheden Joint Venture Area  
Objective: Coring and associated testing of the Walloon coal measures. This is one of up to ten core wells being undertaken for the Company's joint venture with CS Energy. The goal of the joint venture drilling program is to establish up to 540 PJ in 2P gas reserves.

Spud Date: 27 January 2007  
Drilling Activity: This well has been cored to a total depth of 738 metres. A well developed sequence of Walloon Coal Measures has been obtained comprising 26.6 metres of net coal. These coals have exhibited excellent free gas shows. This well has now been logged and is suspended awaiting further testing

**Riflebird-E2** Metgasco 100%  
Location: PEL 16  
Objective: Coring and associated testing of the Walloon Coal Measures. This is one of two wells required to expand 2P gas reserves to up to 100 PJ for the purposes of establishing sufficient supply volumes to the proposed Richmond Valley Power Station.

Spud Date: 22 January 2007  
Drilling Activity: This well has been cored to a total depth of 720 metres. A well developed sequence of Walloon Coal Measures has been obtained comprising 24 metres of net coal. This well has been logged and has been suspended prior to undertaking additional testing.

**Riflebird-E1** Metgasco 100%  
Location: PEL 16  
Objective: Coring and associated testing of the Walloon coal measures. This is one of two wells required to expand 2P gas reserves to up to 100 PJ for the purposes of establishing sufficient supply volumes to the proposed Richmond Valley Power Station.

Spud Date: 15 January 2007  
Drilling Activity: This well has been cored to a depth of 858 metres. A well developed sequence of Walloon Coal Measures has been obtained comprising 40 metres of coal core samples.

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