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AUSTRALIAN STOCK EXCHANGE
Via Electronic Lodgement

ARRIVAL OF DRILLING RIG FROM CANADA

Metgasco (ASX:MEL) is pleased to advise that the drilling rig which has been mobilised from North America for the Company's forthcoming pilot production drilling program has arrived in Australia. The ADR 100 rig is currently being unloaded at the Port of Brisbane. It will then be assembled, tested and mobilised to Casino to commence drilling operations next month.

The forthcoming drilling program will comprise up to eight surface to inseam wells which will test the gas production rates of coal seams in the Clarence Moreton basin.

Metgasco Managing Director David Johnson said "Over the past 12 months we have focussed on identifying the right people, equipment and materials for this next drilling program. The ADR 100 rig is an advanced technology "next generation" rig which is widely used in surface to inseam drilling in coal seam gas projects in North America. This rig will substantially improve our drilling capability and productivity. In addition, we have entered into an alliance with Vectra CBM LLC, a private Denver based Company who have drilled approximately 250 wells into similar coals, to provide advice on drilling and completions during the program."

The rig will also be capable of drilling to sufficient depths to allow the Company to test conventional targets within PEL 16 and adjacent acreage operated by Metgasco.

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