

ASX ANNOUNCEMENT

7 January 2008



OPERATIONS REPORT

Metgasco (ASX:MEL) advises that pilot drilling operations have not been significantly affected by widespread flooding in the Northern Rivers region.

The drilling pad at Corella-P14, where Rig 50 is currently drilling, is above flood levels and is accessible. Rig 50 is currently drilling ahead in seam at 771 metres total depth.

The Company has experienced some minor losses of equipment at low lying sites.

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