Investor Update

May 2009

METGASCO Ltd
ACN 088 196 383

Agenda

1. Corporate Overview
2. Australian Gas Market Fundamentals
3. Metgasco - Market Position
4. Metgasco - Looking Forward

Corporate Overview

Corporate Overview

Corporate

- Coal seam gas ("CSG") and Conventional oil and gas exploration company
- Focussed on Clarence Moreton basin in New South Wales
- Multi-TCF scale CSG play with large established reserve base
- Conventional exploration upside with liquids potential
- Access to New South Wales electricity grid and developments in place to access Queensland electricity grid and national gas markets.
- Strong Board and management with track record of discovery

Financials

ASX Listing	Dec 2004
Current Share Price	$0.60
Market Cap	$100 Million
Shares on Issue	172,482,276
Cash	$15 mil
Debt	nil

Commercialisation Strategy

- Focussed on gas sales to south-east Queensland and New South Wales
- Richmond Valley Power Station (RVPS) in development
- Lions Way Pipeline in development to connect field to Queensland customers and national pipeline network.

Largest gas reserve position in New South Wales Metgasco's share of certified reserves

- 2.3 1P (Proven)
- 247 2P (Proven + Probable)
- 1,389 3P (Proven + Probable + Possible)

METGASCO Ltd
ACN 088 196 383

Assets and location

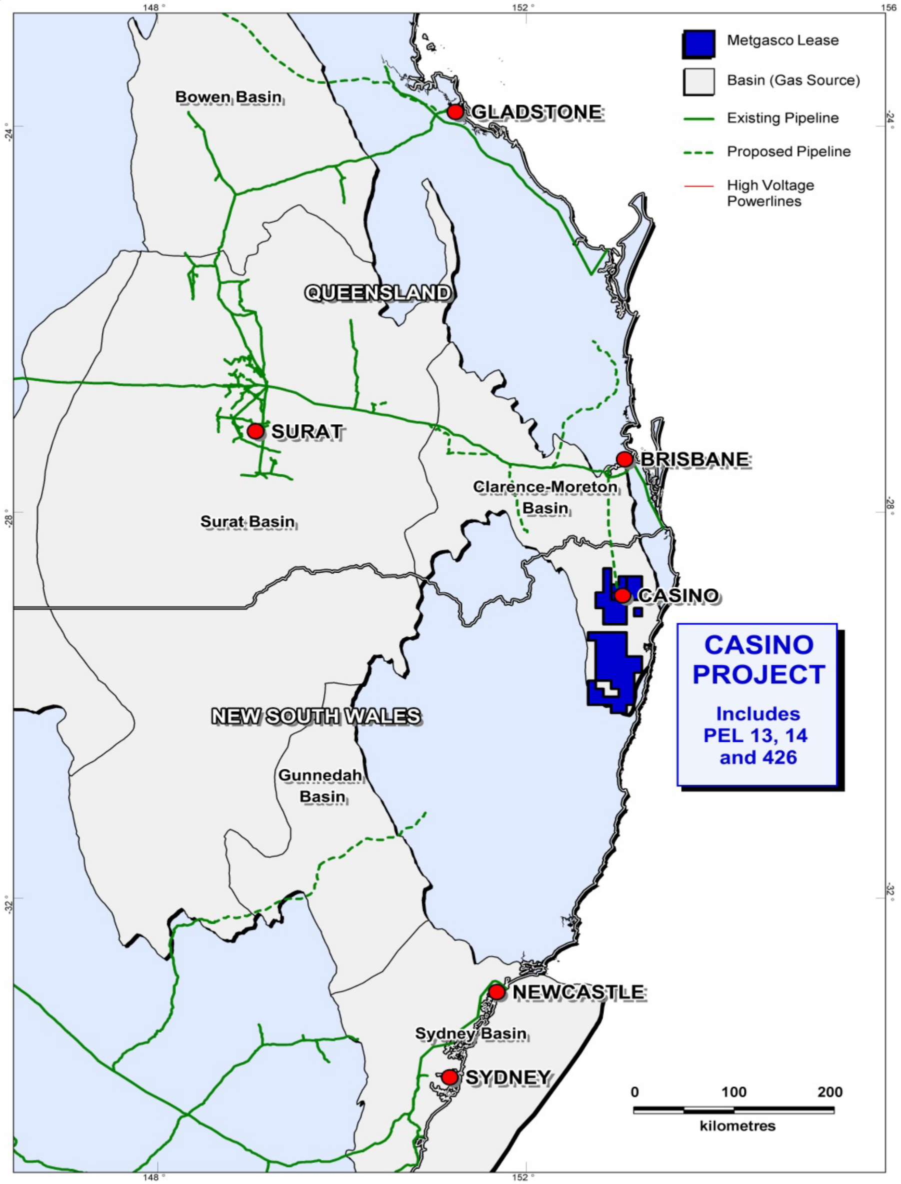
- Large acreage position in northern NSW of 6,000 km^2 (gross) with operatorship

Metgasco's acreage position

	Gross Area (km^2)
PEL 16 [1]	830 km^2
PEL 13[2]	1,652 km^2
PEL 426[2]	2,448 km^2
Total	5,930 km^2

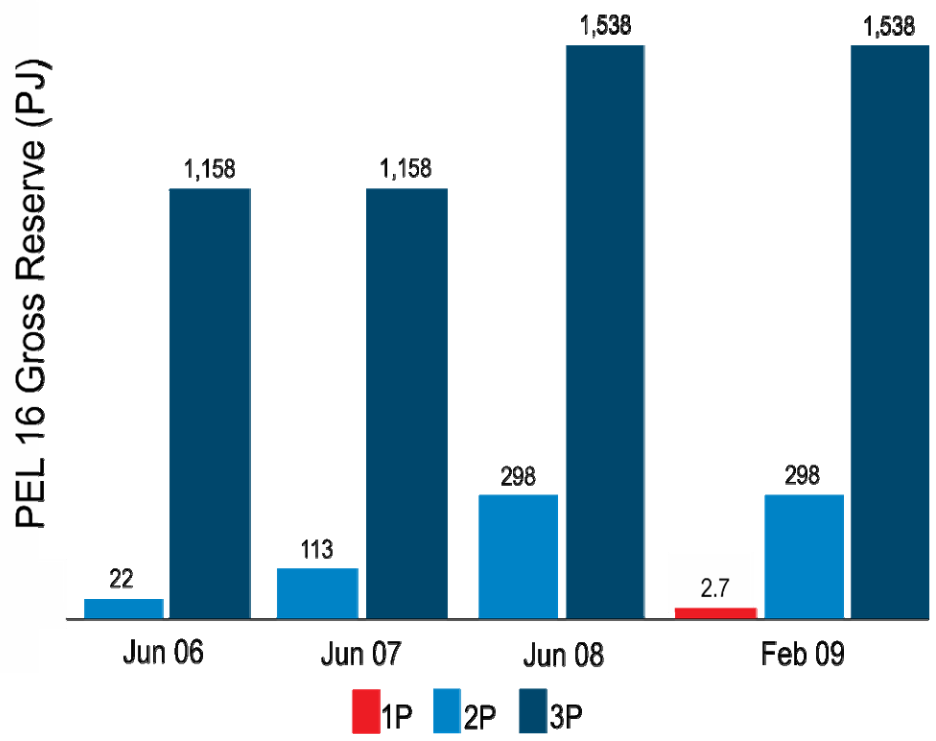
1. In JV with CS Energy; 2. In JV with Molopo

- Close to markets and energy infrastructure
- CSG and Conventional appraisal & exploration opportunities



Significant gas resources located in Clarence Moreton

- A substantial CSG reserve position has been established
- Significant opportunity for further reserve growth :
  - 2P reserves booked in 4 out of 11 blocks in PEL 16
  - represents 5-10% of total acreage covered to date
  - reserves grown strongly for the past three years
- No reserves development drilling undertaken in FY 2009



Reserves have been certified by Mr Tim Hower of MHA Petroleum Consultants (Denver) who is a qualified person as defined under the ASX Listing Rule 5.11. Reserves have been developed within the guidelines of the SPE. Mr Hower has consented to the use of the reserve figures in this presentation.

Australian Gas Market Fundamentals

METGASCO Ltd
ACN 088 196 383

The role of natural gas

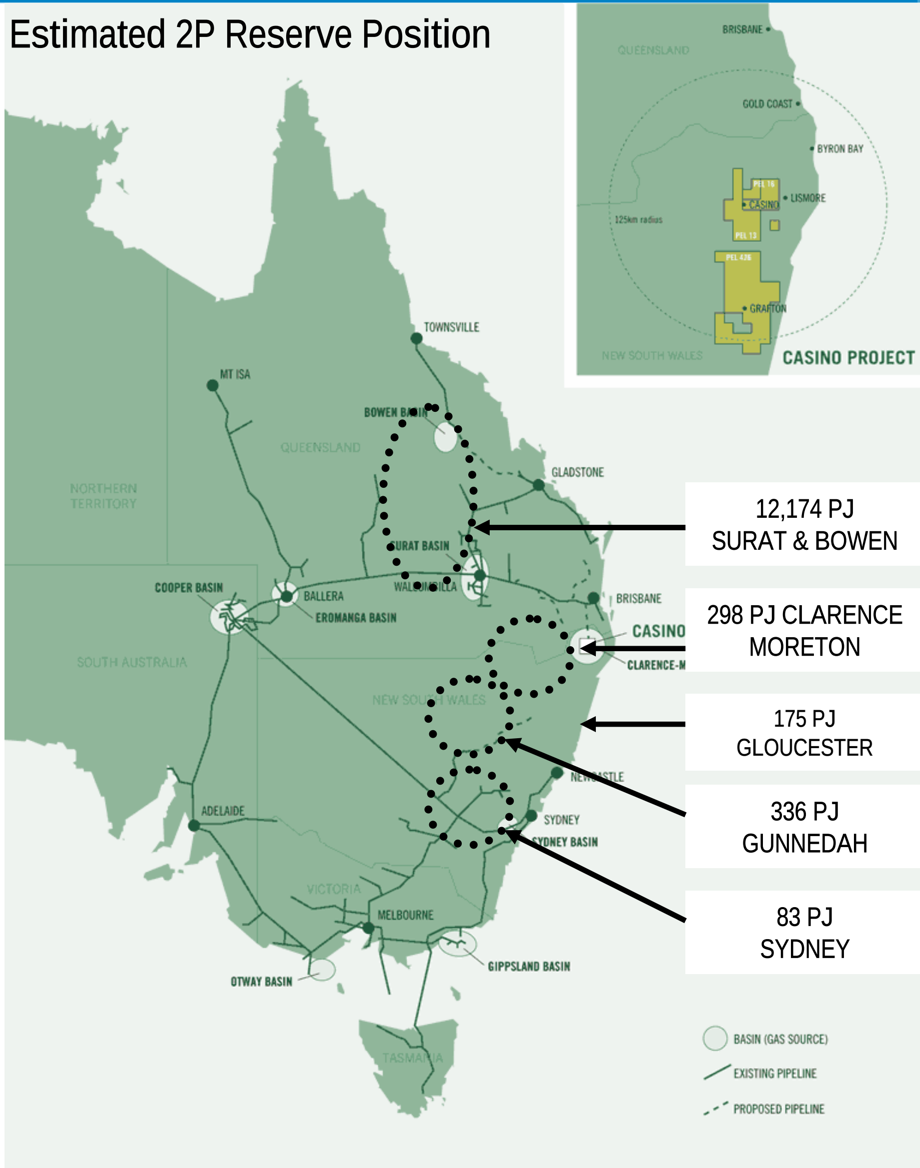
- Natural Gas will play a key role in meeting our energy needs for the future
  - NEMMCO has forecast that new generation capacity is required in NSW and QLD
  - Increasing use of intermittent renewables in energy mix creates demand for gas fired generation for backup and peak

- Global LNG demand is forecast to triple by 2030
  - Five export terminals in pre-development at Gladstone due to proximity to Asian markets and availability of large scale gas resources in Australia
  - On the basis of three 4.5 Mtpa LNG plants commencing by 2015, total export demand is estimated to be 810 PJ per annum

CSG is a growing energy resource in Australia

- CSG production in 1996: < 1PJ /year
- CSG production by 2008: > 127 PJ /year
- Between 1997 to 2008 CSG 2P reserves have grown from **95 PJ to 12,174 PJ**
- Total CSG resources on the east coast are estimated at 54,400 PJ
- Development to date has focused on CSG in Queensland
- Growth opportunity now in New South Wales with Clarence Moreton, Gunnedah and Gloucester seen as emerging CSG provinces

Estimated 2P Reserve Position

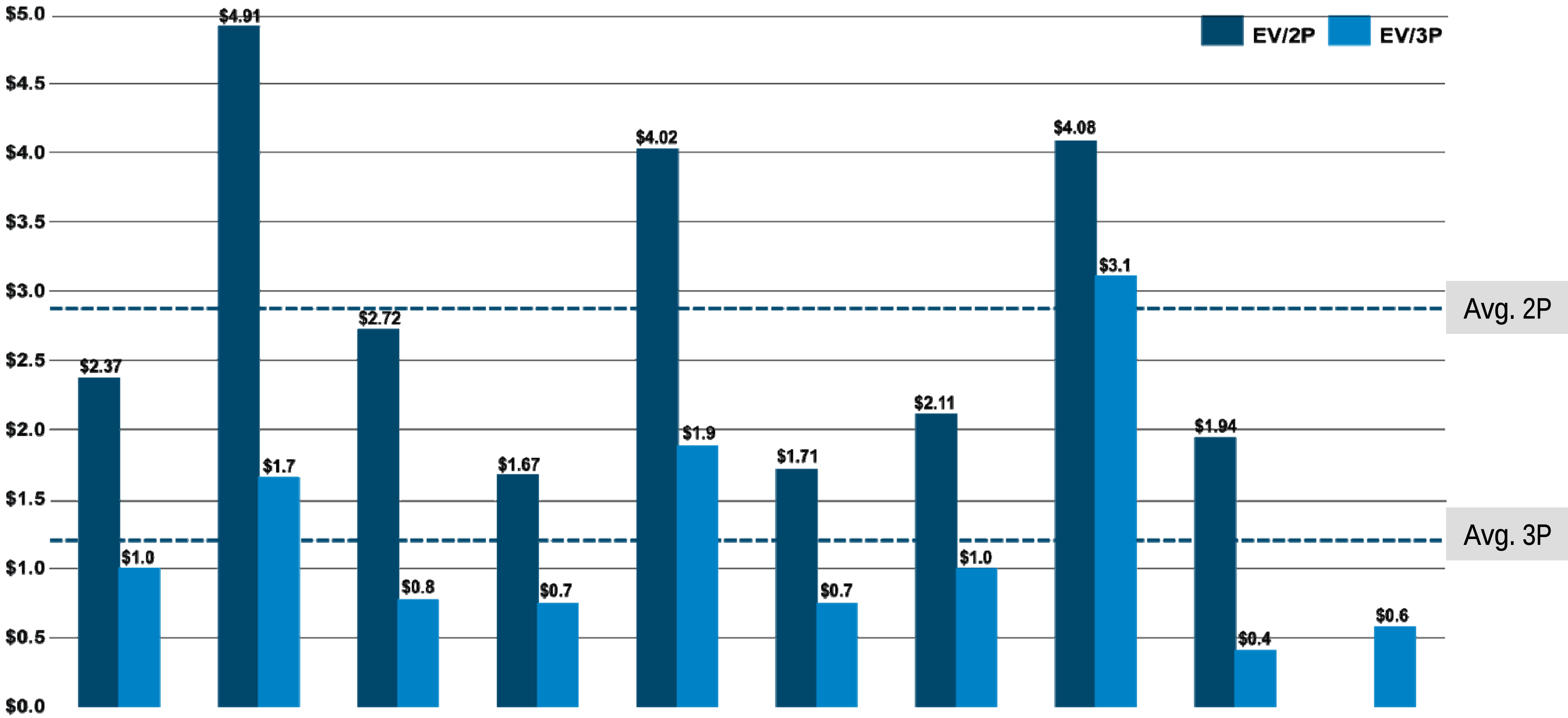


NSW and QLD market issues

- The Queensland market has experienced rapid growth followed by consolidation amongst its CSG operators
- Scale of potential resource in New South Wales is believed to be similar to Queensland
- CSG industry in New South Wales is emerging rapidly. Industry growth has been due to :
  - Need for gas in New South Wales to supply customers (decline in traditional source of supply)
  - “dash for gas” – Imminent introduction of carbon emission trading has increased demand for “low CO_2 producing” gas fired electricity generators
  - Imminent privatization of New South Wales electricity retailers
  - Acceptance of CSG as a viable gas alternative based on worked carried out in Queensland basins ie Surat and Bowen

CSG is a strategically valuable asset

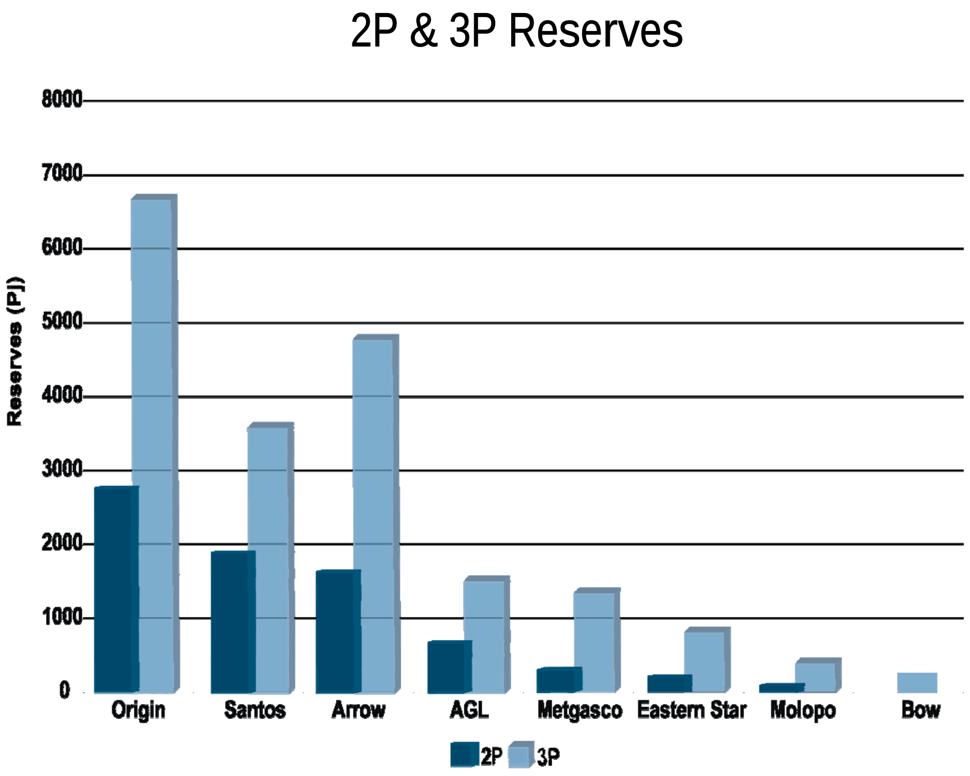
- Recent transactions highlight the value of Australian CSG assets

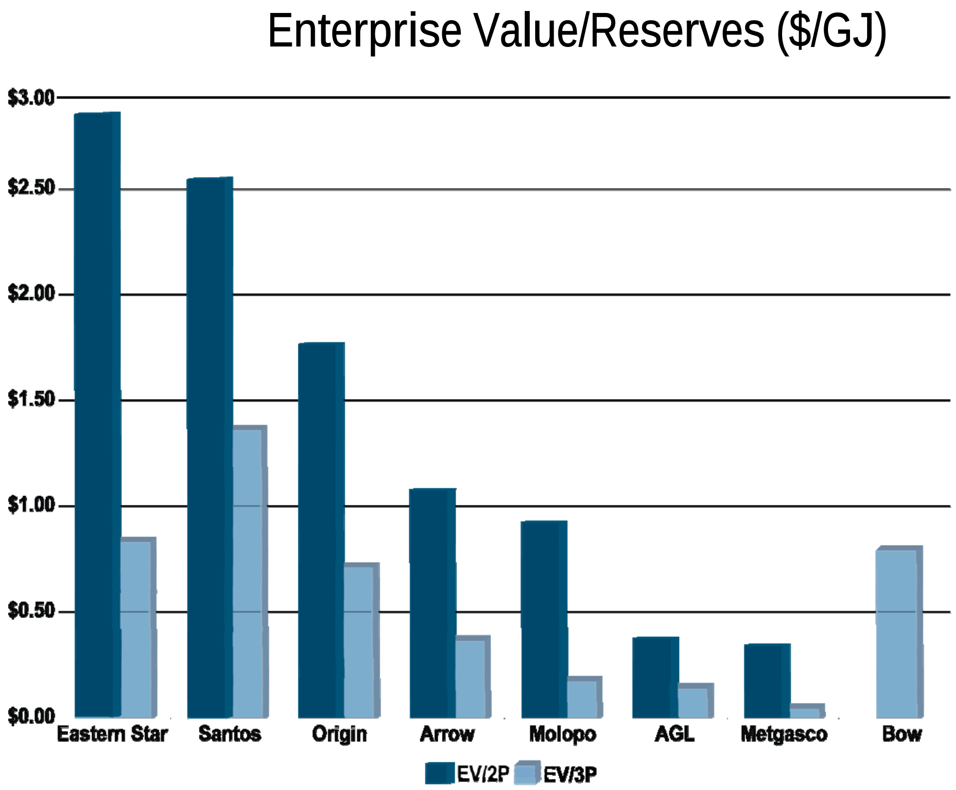


	BG/QGC	Petronas/STO	Shell/AOE	QGC/SHG	COP/ORG	BG/QGC	AGL/Gloucester	AGL/SGL	BG/PES	ORG/Pangea
Date	01-Feb-08	29-May-08	02-Jun-08	20-Aug-08	08-Sep-08	28-Oct-08	17-Dec-08	24-Dec-08	01-Feb-09	15-May-09
Deal Value ($mil)	622	2,640	644	813	9,550	5,020	370	169	1,013	660

Source: Brokers Report, Deloittes Independent Experts Report for Sunshine Gas and Metgasco analysis

Metgasco compared to its ASX listed peers





Company	Origin	Santos	AGL	Arrow	Eastern Star	Bow	Molopo	Metgasco
MktCap ($mil)	13,542	6,364	6,364	2,705	711	241	195	100

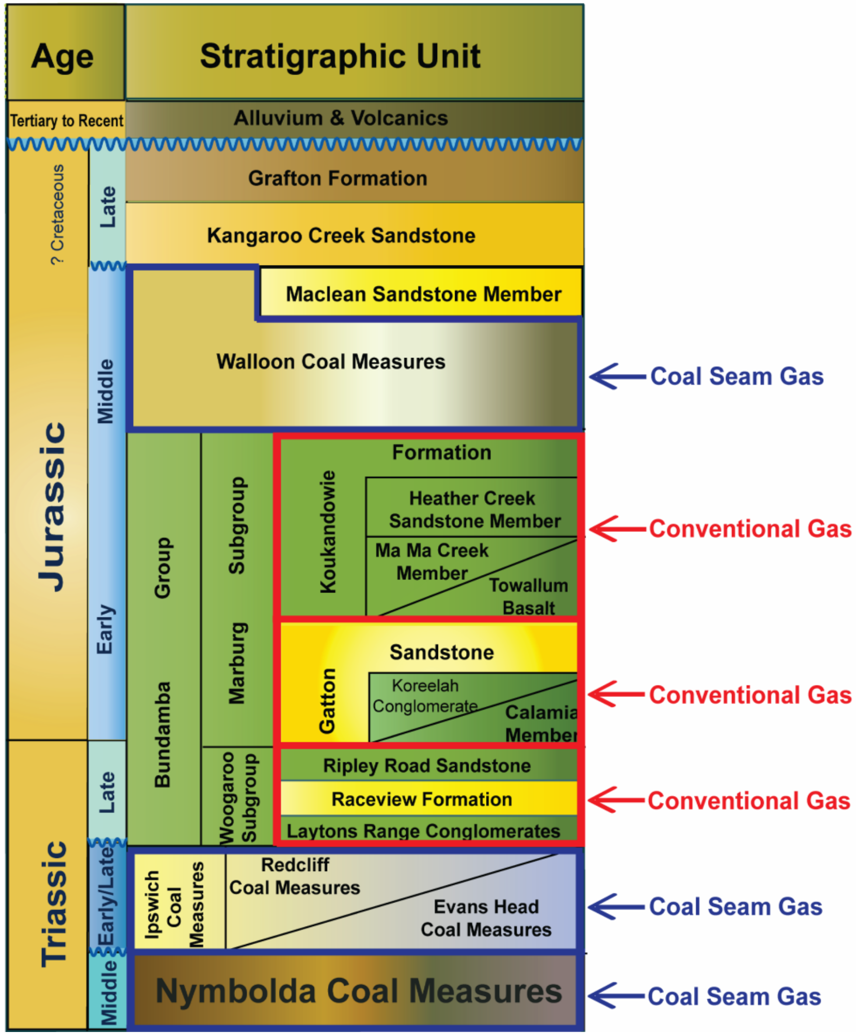
Source: Metgasco, and Broker report

METGASCO Ltd
ACN 088 196 383

Metgasco Market Position

A short walk in the Clarence Moreton basin

- One of the most underexplored basins on the east coast of Australia. Southern extension of the Surat basin
- In New South Wales, covers approximately 16,000 km² with about 10 conventional oil and gas exploration holes drilled
- CSG Potential:
  - Walloon Coal Measures – same coals as QLD
  - Ipswich Coal Measures
  - Nymbolda Coal Measures
- Conventional potential with lateral equivalents of Surat Basin reservoirs
  - Heifer Ck Sandstone (Hutton)
  - Gatton formation (Evergreen)
  - Ripley Rd Formation (Precipice)



METGASCO Ltd ACN 088 196 383

Coal seam gas
Pilot production testing

- Metgasco is currently running a pilot testing program
- Lead pilot well (Corella-11) produced at 200,000 scf/day
- 1P Reserves – now achieved
- Demonstrated by pilot production
  - History matching to reservoir model
  - Commerciality test applied
- Opportunities for further productivity improvements
- Production enhancement from next generation drilling and completion techniques
- Reduction in cost to enhance margins

Flaring at Pilot Well Corella-11

Coal seam gas
Proven gas reserves established

- 1P reserve certification of 2.7 Petajoules (proven, undeveloped) in PEL 16 represents important milestone and highlights the underlying value in Metgasco's CSG acreage
- Commercial significance :
  - demonstrates Metgasco has identified and proved a mechanism whereby it can drill and complete wells on a commercial basis
  - represents only the initial conversion of small percentage of Metgasco's large 2P reserve base into 1P reserves
  - transition of Metgasco from exploration and appraisal stage towards field development
- High priority drilling locations now identified

Conventional gas – exploration upside

- Conventional exploration commencing in second half of 2009
- Large number of leads and prospects identified
- Conventional gas complements CSG field economics:
  - flexible supply opportunities
  - can accelerate development
  - wet gas potential

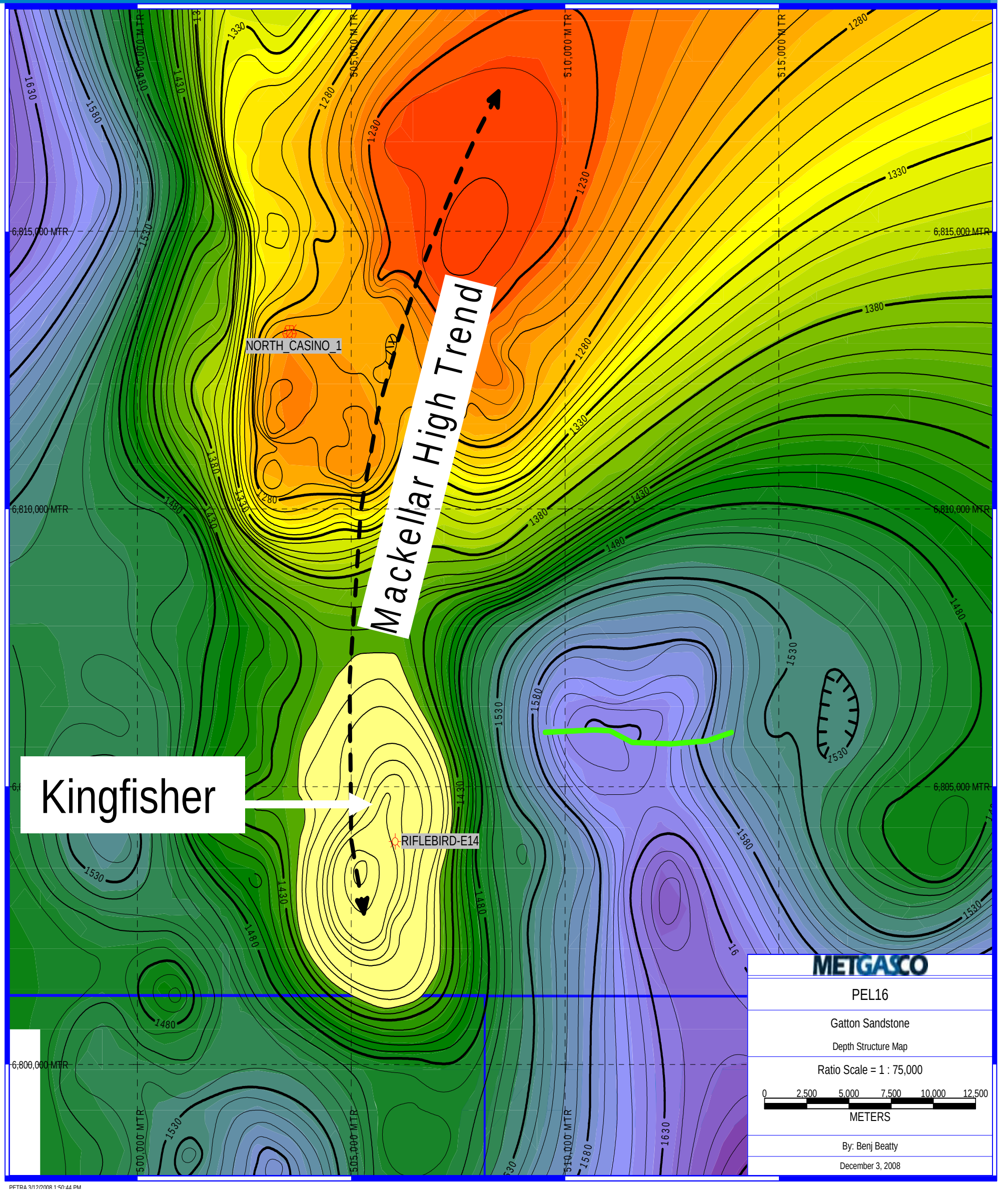
PEL 16 - Leads and Prospects (OGIP estimates)

	PMean PJ	P10 PJ
Kingfisher (contingent resource)	41	77
Kingfisher (OGIP est.)	90	914
Mackellar (OGIP est.)	69	757
Mackellar North (OGIP est.)	161	1,972
Bowerbird (OGIP est.)	31	325
Cicada (OGIP est.)	39	387
Fantail (OGIP est.)	33	347
Monarch (OGIP est.)	58	581
Triller (OGIP est.)	40	428
Total (OGIP est.)	520	5,710

METGASCO Ltd
ACN 088 196 383

Conventional exploration
First appraisal well

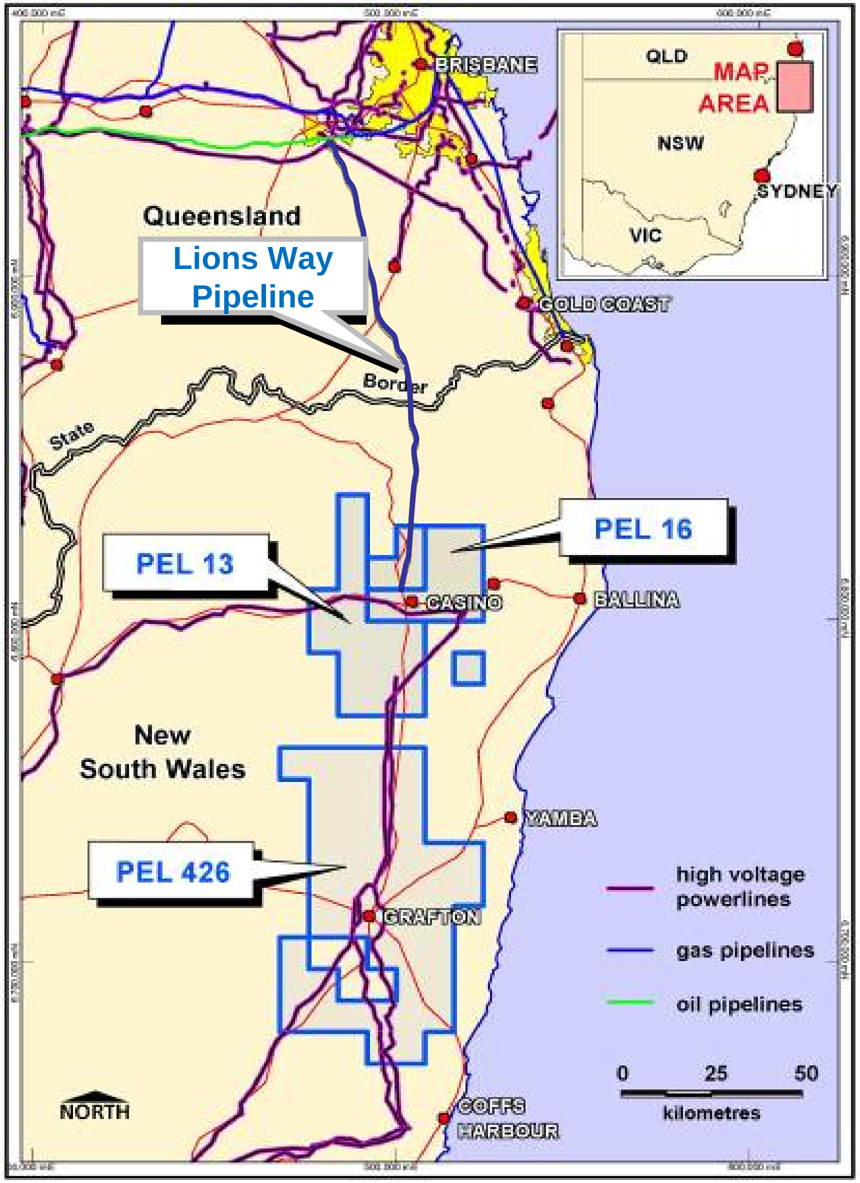
- Kingfisher discovery – announced September 2008:
  - Located on the Mackellar high trend
  - Well was drilled to a depth of 1,296 meters and limited by capability of rig
- Potential size of field
  - 90 PJ (Pmean – Base Case)
  - 914PJ (P10 – Upside Case)
- 700 meters of additional potential pay deeper in sequence.
- Small volumes of condensate have been produced. Commercial volumes of liquids (condensate, oil) deeper in the system?
- Follow up appraisal well – Kingfisher E1 will be drilled 2H 2009.



Commercialisation strategy

Supply Base

- Lions Way Gas Pipeline – Pipeline to connect gas field to customers in QLD under development:
  - Lions Way pipeline – 145km pipeline starting in Casino (NSW) and finishing in Ipswich (QLD)
  - Development of pipeline will allow for supply of gas into South East Queensland via an alternative delivery route and alternative supply basin
- Richmond Valley Power Station (30 MW) – 2.5 PJ/ year in development



Metgasco Looking Forward

METGASCO Ltd
ACN 088 196 383

Next 12 months
Further drilling and infrastructure development

Activity		Purpose
Exploration and Appraisal	Wyan-E1 (PEL 13)	Stratigraphic well to test coal development on western margin of basin
	Riflebird-E15 (PEL 16)	Advance drilling of vertical offtake for Pilot Horizontal Production well
	Kingfisher – E1 (PEL 16)	Appraisal well for conventional Kingfisher Field
	Pilot CSG Production wells	Production testing
	Core wells	Increase in 2P and 3P CSG reserves
Commercial Development	▪ Development approval and FID of 30 MW Richmond Valley power station ▪ Complete Environmental Assessment on Lions Way pipeline ▪ Progress on Stratheden Joint Venture ▪ Progress other gas sale agreements	

METGASCO Ltd
ACN 088 196 383

Board & Management

Board

Dr Peter Power – Chairman
Former Managing Director of Ampolex. Past Chairman of APPEA.

David Johnson – Managing Director
Geologist with 20 years experience in the minerals and petroleum sectors.

Glenda McLoughlin – Director & CFO
Former investment banker with over 20 years experience: Head of Utilities & Infrastructure group with Barclays Capital and Vice President at Morgan Stanley.

Rick Wood – Director & Director, Operations
Over 30 years experience in engineering and operations in upstream oil & gas. Over 18 years with Esso and former General Manager of Operations with Ampolex.

Nick Heath – Non-Executive Director
Former Director of ExxonMobil Australia with responsibility for the marketing of natural gas throughout Australia. Past Chairman and Councilor of APPEA.

Management

Kevin Dixon – General Manager Gas Marketing
Former Head of Strategy for Australian Pipelines Trust, 30 years experience with ExxonMobil.

Peter Stanmore – General Manager Exploration
Former leader of Onshore Exploration evaluation team with Santos. Previously 30 years experience with Santos and ExxonMobil in petroleum exploration and development.

Mick O'Brien – General Manager Development
Over 30 years experience in energy sector engineering. Former head of Coal Seam Gas group for Worley Parsons in Brisbane.

METGASCO Ltd
ACN 088 196 383

Disclaimer

This presentation is being provided for the sole purpose of providing the recipients with background information about Metgasco Ltd (Metgasco). No representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of information contained in this presentation, including the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in the presentation (“forward-looking statements”). Such forward-looking statements are by their nature subject to significant uncertainties and contingencies and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of Metgasco, its Directors and Officers) which may cause the actual results or performance of Metgasco to be materially different from any future results or performance expressed or implied by such forward-looking statements.

This presentation provides information in summary form only and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

Due care and consideration should be undertaken when considering and analysing Metgasco’s financial performance. All references to dollars are to Australian Dollars unless otherwise stated.

To the maximum extent permitted by law, neither Metgasco nor its related corporations, Directors, employees or agents, nor any other person, accepts any liability, including, without limitation, any liability arising from fault or negligence, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of Metgasco is available on our website, www.metgasco.com.au.