METGASCO

ASX / MEDIA RELEASE
10 March 2010

CLARIFICATION - KINGFISHER E1 TESTING UPDATE

Metgasco (ASX:MEL) advises clarification of the announcement made earlier today to ASX.

The testing of the Ripley Road Sandstone in two intervals has now been completed. A comparison of the testing against previously reported estimates of net pay and additional gas bearing sand is as follows:

1) Previously reported pay	
Total Net	30.3m
Additional gas bearing	108.0m
2) First test interval 2,050-2,043.7m	
Perforated thickness	5.3m
Part of Net	3.7m
Part of Additional	0.0m
3) Second test interval 2035.5-1980m	
Perforated thickness	12.0m
Part of Net	0.0m
Part of Additional	10.4m

The testing now completed in the Ripley Road Sandstone has tested 3.7m of an estimated Total Net pay of 30.3m. There is an estimated additional 2.3m of Net pay in the Ripley Road lower in the section which was not tested. The balance of 24.3m of estimated Net pay occurs further up the well in the Gatton Sandstone and which remains to be tested.

As stated, owing to the extensive number of zones and the nature of the testing process, the remaining program adopted will require up to 12 weeks to complete. The program and zones tested will be modified as results are obtained from each test zone.

The data collected from these tests will used to progressively generate reserves estimates and as input to the design of a drilling and completion program for full field development.

Background to Kingfisher E1 (PEL 16)

Kingfisher E1 is the first appraisal well of the Kingfisher field located in PEL 16 in the Clarence Moreton basin in northern New South Wales. The well was drilled in November 2009 to appraise the Heifer Creek and upper Gatton sandstones and explore the lower Gatton and Ripley Road sandstones. A total gas bearing interval of 138.3 metres has been identified from wireline logging with an estimated net pay of 30.3 metres. Metgasco's initial analysis is that the field has a contingent resource of 77 Bcf (P50) and 284 Bcf (P90) which is the largest conventional gas discovery in the history of New South Wales oil and gas exploration. Results from the production testing program will provide further information on the scale and commercial significance of this discovery. Metgasco holds a 100% interest in PEL 16.

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