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METGASCO APPOINTS NEW MANAGING DIRECTOR

The Directors of Metgasco (ASX:MEL) are pleased to announce that Mr Peter Henderson has been appointed Metgasco's Managing Director. Mr Henderson is to take up the appointment as soon as he is released from his current role, expected to be in May 2011.

The Company's founding Managing Director, Mr David Johnson, will continue in his role until Peter Henderson joins the Company and will also provide ongoing consulting services to Metgasco subsequently, ensuring his extensive experience in exploration in the Clarence Moreton basin will continue to be available to the Company.

On announcing his retirement as Managing Director, Mr Johnson said "Metgasco is now making the critical transition from exploration to production and it is important for the Company that the key skills required to drive project outcomes in upstream field and infrastructure development are added at the very top of the organisation. The Clarence Moreton basin is the sleeping giant in the Australian gas industry. With our exciting conventional discoveries, our demonstrated coal seam gas reserves and high value commercial agenda, Metgasco is poised for rapid growth. Peter shares my vision of Metgasco becoming a major gas supplier on the east coast of Australia and I am convinced that he has the energy, intellect and tenacity required to deliver on the Company's promise."

Mr Henderson brings over 30 years oil and gas industry experience to Metgasco. Since 2007 Mr Henderson has been Development Manager for Premier Oil Plc, managing major offshore project developments in Indonesia and Vietnam. Prior to this role he was Chief Operating Officer of Anzon Energy Limited which initiated the highly successful oil operations in Victoria's Bass Strait using a floating production system.

Mr Henderson has held senior management roles with oil and gas companies covering operations, development, commercial and exploration activities (Santos, Western Mining, Nido Petroleum). He also has experience working with engineering companies (Clough) and with business development (JBFM Babcock). His experience covers operations in Australia, Indonesia, China, the Phillipines and Vietnam. He commenced his career as a mechanical engineer with Esso Australia in 1977. During his 17 year career with Esso, he filled a variety of technical, operations, commercial and planning roles, including a role as Operations Technical Manager in Gippsland, Victoria, from 1990 to 1994. Mr Henderson is a graduate of Melbourne University.

Metgasco's Chairman Mr Nicholas Heath said "Metgasco's Board is pleased to welcome Peter as Managing Director. Peter brings strong upstream development and production skills to Metgasco at a time when the company is transitioning into commercialisation of its large coal seam and conventional gas resources. David Johnson has been an exceptional leader in identifying the resource potential of the Clarence Moreton basin over fifteen years ago and in building the Company from its initial public offering in 2004. The Board would like

to thank him for his enormous contribution to the Company. This is an exciting new growth period for Metgasco and the Company is well positioned to take advantage of opportunities opening up in the east coast energy and LNG export markets. The Board looks forward to Peter delivering on the Company's development strategy which includes the Richmond Valley Power Station, Lions Way pipeline and LNG export opportunities."

Material details of Mr Henderson's Executive Service Agreement with Metgasco are set out below:

Pursuant to ASX Listing Rule 3.1 and the ASX Companies Update No 03/03, material details of the Executive Service Agreement with the incoming Managing Director to Metgasco is set out below.

Position	Managing Director
Term	Ongoing
Total Remuneration Package ("TRP")	\$400,000 (inclusive of superannuation)
Performance Incentive Awards	The Company's remuneration policy provides for the opportunity to be awarded short term incentives (STIs) of up to 25% of TRP and long term incentives (LTIs) of up to 50% TRP The performance of Mr Henderson will be evaluated on an annual basis and the award of annual short term and long term performance incentive awards will be considered, at the discretion of the Board. Performance incentive may comprise cash, options or deferred share awards. The Company has agreed to a minimum cash bonus of \$50,000 (12.5%) for the financial year ended 30 June 2011.
Commencement Shares (Subject to the approval of shareholders)	• 100,000 (subject to trading restrictions until 12 months of continuous employment) • 100,000 (subject to trading restrictions until 36 months of continuous employment)
Termination	• Metgasco may terminate Mr Henderson's employment immediately in the event of misconduct. • Notice by Mr Henderson: six months • Notice by Metgasco (without cause): six months
Termination Entitlements	There are no additional termination entitlements
Loyalty Payment	In the event that the Company becomes a Target Company in consideration for the Executive refraining from seeking or obtaining alternative employment for the duration of the Takeover Offer, the Company shall pay to the Executive an amount equivalent to six months of Total Remuneration Package.

For further information contact:

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