



ASX / MEDIA RELEASE

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SHARE PURCHASE PLAN

Metgasco Ltd ("Metgasco") today announces the launch of a Share Purchase Plan ("SPP") to fund the Company's development program for first gas sales and a high impact exploration program.

Under the SPP, Eligible Shareholders will be entitled to apply for up to \$15,000 in additional shares.

Background to the SPP

Australian energy markets are experiencing rising demand for gas which offers a clean, low carbon emission fuel supply for industry and power generation. In addition, there is growing international demand for Australian LNG.

Over the past 12 months Metgasco has:

- Completed the first reserve drilling program in PEL 13 where it expects to receive a reserve upgrade in the coming quarter;
- Completed drilling the next generation of CSG multilateral wells in PEL 16 which are currently dewatering and showing positive early signs of gas production;
- Completed a targeted seismic survey over several conventional leads and prospects in the Clarence Moreton basin and identified a number of potentially high impact conventional targets; and
- Completed a detailed study into the feasibility of supplying gas to existing and potential new LNG projects in NSW and Qld which found that several LNG project options are economically attractive at prevailing export LNG prices.

Metgasco is currently pursuing these large scale LNG supply opportunities vigorously.

At the same time that the Company pursues its export sale agenda we remain focussed on progressing high impact exploration opportunities and delivering gas and gas fired power to customers and households in our local area.

Proceeds raised under the SPP will be combined with proceeds raised under the recent successful Placement and Metgasco's current cash reserves and will be applied to:

- Supply of gas to customers in the Northern Rivers region of NSW and development of Stage 1 of the Richmond Valley Power Station (6 MW). These activities will generate first revenue for the Company;
- Reserve development and Licence Commitment drilling in PEL 13 and PEL 426;
- The drilling of the potentially high impact Rosella E01 well on the Mackellar North structure. This structure is located to the north of Metgasco's Kingfisher discovery and has a P50 OGIP estimate of 1,312 Bcf; and
- Ongoing working capital requirements.

Terms of the SPP Offer

The Directors have resolved to allow Eligible Shareholders, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of Metgasco shares at a discount to the current market price of the Company's shares. Participation in the SPP is entirely voluntary. The SPP Offer is for eligible Metgasco **shareholders on record as at 7.00pm (AEST) on Friday, 17 June 2011** and is described on the following pages. Detailed documentation will be sent to shareholders on or around Tuesday 21 June 2011. Applicants under the plan will not incur brokerage, commissions or other transaction costs.

The subscription price per Share will be \$0.26 (26 cents). This represents a discount of approximately 11.5% to the volume weighted average price of Metgasco's shares over the five trading days prior to the announcement of the SPP.

The SPP is not underwritten. Funds raised will be subject to an aggregate cap of \$21 million. Metgasco reserves the right to scale back applications where the aggregate application monies received exceeds \$21 million. In the event of a scaleback, eligible shareholders will be scaled back in proportion to the amount applied for by the relevant shareholder. Metgasco further reserves the right to exercise its absolute discretion in respect of acceptance of applications under the SPP.

Metgasco Share Purchase Plan Timetable

Date	Event	
Friday 17 June 2011	Record date	The date on which Metgasco determines Eligible Shareholders. Shareholders must be on record by 7.00pm (Sydney AEST).
Friday 24 June 2011	Open date	SPP documents dispatched to Eligible Shareholders
Thursday 21 July 2011	Closing date	Closing date for acceptances Applications must be received by 7.00pm (Sydney ASDT)
Friday 5 August 2011	Allotment and dispatch date	Allotment and dispatch of shareholder statements

Metgasco has the discretion to change, at any time, any of the Opening Date, the Closing Date, the Allotment and Dispatch date to different dates by lodging a revised timetable with the ASX.

The SPP will be available to Eligible Shareholders of the Company with a registered address in Australia and New Zealand. Prior to electing to participate in the SPP, shareholders should consider the terms and conditions of the SPP provided in the following pages, their own financial objectives and circumstances, and whether participation in the SPP suits those objectives and circumstances.

In accordance with ASIC Class Order 09/425, the Company advises in relation to the SPP:

- The Company will make offers to issue shares pursuant to the SPP without disclosure to investors under Part 6D.2 of the Corporations Act 2001 (the "Act") and without giving a Product Disclosure Statement under Division 2 Part 7.9 of the Act;
- This notice is being given in accordance with ASIC Class Order 09/425;
- As at the date of this notice, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company and section 647 of the Act; and
- As at the date of this notice there is no excluded information (in accordance with the requirements of subsections 708A(7) and (8) of the Act or subsections 1012DA(7) and (8) of the Act as if this notice were a notice under paragraph 708A(5)(e) of the Act).

Metgasco has appointed E.L. & C. Baillieu Stockbroking Ltd to act as Broker to the SPP.

E.L. & C. Baillieu Stockbroking Ltd has a research report on Metgasco dated 3 June 2011. The research report is available for viewing on our website (www.metgasco.com.au).

For further information contact:

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METGASCO LIMITED ACN 088 196 383

SHARE PURCHASE PLAN (“SPP”) OFFER TERMS AND CONDITIONS

1. Offer

Metgasco (“MEL” or “the Company”) is offering its shareholders the opportunity to acquire fully paid ordinary shares in the Company by way of a Share Purchase Plan (“SPP”).

The issue price is \$0.26 per Share.

The maximum amount to be raised under the SPP is \$21,000,000. There will be no oversubscriptions. The actual amount raised may be less depending upon the subscriptions received.

2. Timetable

Date	Event	Explanation
Friday 17 June 2011	Record date	The offer is dated and taken to be made on this date which is the date on which Metgasco determines Eligible Shareholders. Eligible Shareholders must be on record by 7.00pm (Sydney AEST).
Friday 24 June 2011	Open date	The offer opens at 9.00am (Sydney AEST) on this date. SPP documents will be dispatched to Eligible Shareholders on this date.
Thursday 21 July 2011	Closing date	Closing date for acceptances. Applications must be received by 7.00pm (Sydney AEST), unless extended. Application Forms and cheques or money orders may not be processed or held to be valid if they have not been received by Metgasco by this time.
Friday 5 August 2011	Allotment and dispatch date	Shares are proposed to be allotted and dispatched on or around this date.
Monday 11 August 2011	First Trading date	Shares will be able to be traded on the ASX on or around this date.

Metgasco has the discretion to change, at any time, any of the Opening Date, the Closing Date, the Allotment and Dispatch Date to later dates by lodging a revised timetable with the ASX.

3. Eligibility to participate

You are eligible to participate in the offer only if you hold shares in Metgasco at the Record Date with a registered address in either Australia or New Zealand. The Board has determined that it is not practical for holders of shares who are resident in other jurisdictions to participate in the SPP.

To the extent that you hold shares on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any acceptance is in compliance with all applicable foreign laws.

Joint holders: Joint holders of shares are taken to be a single registered holder of shares for the purposes of determining whether they are an Eligible Shareholder and the certification on the Application Form is taken to have been given by all of them.

Trustees and nominees: Where a trustee or nominee is a registered holder of shares and is expressly noted on the register as holding shares on account of a named beneficiary, the named beneficiary will be taken to be the registered holder of those shares. An application for shares, certification or issue of shares to the trustee or nominee will be taken to be an application or certification by, or an issue to, the named beneficiary.

If you are an Eligible Shareholder, your rights under this offer are personal to you and non-renounceable, so you may not transfer them.

4. Offer Price

The price for each SPP share offered for issue under the SPP is **A\$0.26 (Offer Price)**.

The Offer Price represents a discount of 11.5% to the volume weighted average price of Metgasco's shares over the five trading days prior to the announcement of the SPP.

You should note that the market price of shares may rise or fall between the date of this Offer and the Allotment Date. Any such change in the share price will not affect the SPP Price. This means that the SPP Price may be either higher or lower than the price of shares at the time the SPP shares are issued to you.

5. How to apply

If you are an Eligible Shareholder and wish to participate in the SPP, you must complete the Application Form and provide a cheque or money order in accordance with the instructions on the Application Form. Alternatively, you may pay your Application monies via BPAY pursuant to the instructions set out on the Application Form.

To accept the Offer, complete the Application Form accompanying the notification of the SPP to you indicating the amount you wish to invest. You must invest a minimum of \$1,000 and a maximum of \$15,000.

The following options will be available to Eligible Shareholders:

Offer	Subscription Amount \$AUD	Shares to be allotted calculated at the Issue Price
A	\$1,000	3,847
B	\$5,000	19,231
C	\$10,000	38,462
D	\$15,000	57,693

The Offer may be subject to scale back and rounding. Eligible Shareholders who receive more than one offer under the SPP (for example, because they hold Shares in more than one capacity) may apply on different Application Forms for more than one Parcel, but may not apply for Shares with an aggregate value of more than \$15,000.

The Board reserves the right to reject any application for SPP shares to the extent that it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

6. Costs of participation

No brokerage, commissions, stamp duty or other transaction costs will be payable by Eligible Shareholders in respect of the application form and issue of shares under the SPP.

7. General

The Board may change or terminate the Offer at any time prior to the Allotment Date. In the event that the Board does so, it will advise the ASX. Any omission to give notice of changes to, or termination of, the offer, or the non-receipt of any such notice, will not invalidate the change of termination.

The Offer is not underwritten.

The offer of Shares under the SPP is non-renounceable. You cannot sell your rights to participate in the SPP.

If you apply for shares under the SPP, you will apply for a certain value rather than a certain number of shares. The number of shares you receive will be determined by:

- (a) If there is no scale back applied to your allotment, dividing the value of the Shares you have applied for by the Offer Price; or
- (b) If there is a scale back applied to your allotment, dividing the value of the Shares you have been allotted by the Offer Price.

If the value of Shares is not a whole dollar number Metgasco reserves the right to round the number of allocated shares up or down to the nearest whole number.

If application monies are returned to an applicant (eg due to a scale back of applications, or for any other reason) it will be refunded without interest following the allotment of Shares under the SPP.

Metgasco has appointed E.L. & C. Baillieu Stockbroking Ltd as Broker to the SPP. They will be paid a management fee of 1.5% of funds raised for this role. In addition a

stamping fee of 1.5% will be paid licensed financial service providers on stamped applications.

Metgasco may settle in any manner it deems appropriate, any disputes or anomalies which may arise in connection with or by reason of the operation of the Offer, whether generally or in relation to any applicant or application of Shares. The decision of Metgasco will be conclusive and binding on all persons to whom the determination relates. By making an application for shares under the SPP, you agree to be bound by the terms and conditions of this Offer and the Constitution of the Company.

Shares issued under the SPP will rank equally with and have the same voting rights and other entitlements as existing shares quoted on the ASX.

Metgasco will apply for Shares issued under the SPP to be quoted on the ASX. It is anticipated that the Shares will be quoted on the ASX shortly after the Allotment Date.

These terms and conditions are governed by the laws in force in New South Wales.

8. Questions

If after reading the SPP Terms and Conditions, you have any questions in relation to the plan, please call Metgasco's Share Registry on 1300 828 709 (Within Australia) or +61 3 9415 4357 (Outside Australia) or E.L. & C. Baillieu Stockbroking Ltd on 1800 339 521.