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First Gas Sale Agreement

Metgasco is pleased to advise that it has entered into a binding agreement for the first sale of gas from its Casino gas project.

Metgasco will supply local dairy manufacturing company Richmond Dairies Pty Ltd (Richmond Dairies) with natural gas as energy supply for their manufacturing process. Gas sales are planned to commence in 2012 (calendar year) and the term of the agreement is for 10 years.

Richmond Dairies processes milk from local farms to produce a range of specialty dairy products primarily for sale into export markets. The supply of natural gas from Metgasco will significantly lower the overall energy costs faced by Richmond Dairies and provide a stable energy price environment for the factory over the next decade.

The gas supply infrastructure is expected to tie into the development of Metgasco's Richmond Valley Power Station project which has development approval from the NSW Government. Additional approvals will be required to install gas supply infrastructure to Richmond Dairies facilities. The gas sale agreement is subject to these approvals being received.

Metgasco's CEO, Mr Peter Henderson, said *"We look forward to supplying gas to our first gas customer. The supply of local gas to local customers demonstrates our strategy in action and the very real benefits of the development of a regional gas industry in NSW. This agreement delivers lower cost energy to a local business, secures local jobs and delivers significant investment in a region which has one of the highest unemployment rates in the State. It also demonstrates how the agricultural and energy industries can work co-operatively together for the benefit of the wider community."*

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