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Metgasco progress update

Metgasco (ASX:MEL) today advises the following:

Following the 2013 AGM, directors have held meetings with a number of shareholders to receive their comments on how to improve performance. A diverse range of views has been expressed on a small number of issues, including strategy, communications, governance and staffing. Meetings with a small number of shareholders are still to occur. The Board will take shareholder input into account as it refines plans.

Metgasco advises that plans to drill its conventional exploration well, Rosella E01, are progressing:

- an agreement with landholder has been signed;
- drilling management and engineering resources have been confirmed;
- expressions of interest have been sent to a number of drilling contractors, seeking bids for the supply of a drilling rig and associated services;
- government submissions and associated approvals are well advanced; and
- a community consultation program is planned.

Subject to rig availability and government approvals, it is intended to drill the well in the first half of 2014, targeting March / April 2014.

Rosella E01 is a commercially high risk well planned to test the non-CSG potential of the Greater Mackellar structure and follows the discovery of tight gas in the Kingfisher E01 well in late 2009. In a high side success case, the Greater Mackellar structure could contain volumes of gas which are significant for Metgasco and NSW.

In other areas, Metgasco:

- is close to completing its decommissioning program;
- is carrying out technical reviews of preferred drilling locations for its deeper coal seams;
- is close to completing the aquifer simulation associated with its proposed West Casino gas development project;

- is encouraged by the early results of a trial use of aeromagnetic surveys to help define subsurface geology of the Clarence Moreton Basin, if successful, the application of this technology could enhance the understanding of subsurface geology in areas not yet adequately covered by more expensive seismic surveys; and
- continues to evaluate opportunities outside NSW which complement its current NSW Clarence Moreton Basin assets.

For further information contact:

Peter J Henderson
Managing Director & CEO

Sean Hooper
Chief Financial Officer

Metgasco Limited ACN 088 196 383

Level 11, 2 Elizabeth Plaza, North Sydney NSW 2060

Tel:+61 2 9923 9100 Fax: +61 2 9923 9199

Web: www.metgasco.com.au