



Presentation to  
Good Oil Conference

Glenda McLoughlin – Chief Financial Officer  
September 2010

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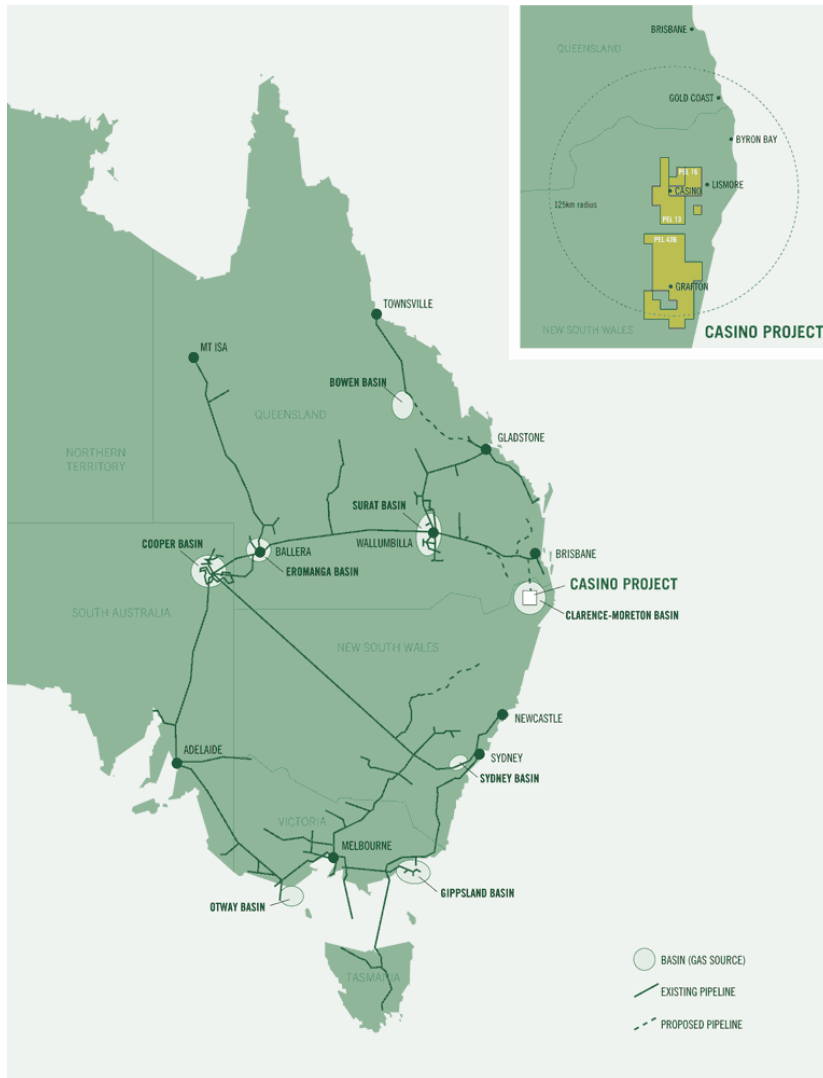
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# Metgasco overview



- Onshore oil and gas exploration close to markets on east coast of Australia
- Shares on issue – 252 million (approximately)
- Options on issue – 9 million (approximately)
- Included in ASX All Ordinaries Index
- Market capitalisation – A\$110 million @ \$0.44 (31 August 2010)
- Cash – A\$20 million (30 June 2010)
- Coal seam gas
  - 380 Bcf in certified reserves (2P)
  - Lead coal seam gas well producing over 200,000 scf per day. On production for 2 years.
  - Upcoming drilling program to increase reserves and production wells
- Recent conventional gas discovery – Kingfisher E01 flowed at 3 million scf per day (approximately)

# Metgasco overview - board and management

## Board

### NICK HEATH **Chairman**

Chemical engineer with over 35 years experience in Australian and international energy markets. Previously a Director of ExxonMobil Australia responsible for marketing of gas and gas liquids.

### DAVID JOHNSON **Managing Director**

Geologist with over 25 years experience in the minerals and petroleum sectors. Founding Director

### GLENDA MCLOUGHLIN **Chief Financial Officer**

Over 20 years experience in investment banking and management consulting. Previously with Morgan Stanley and Barclays Capital.

### STEVEN KOROKNAY **Non Executive Director**

More than 30 years experience in the international oil & gas industry. Senior management roles at Esso Australia, Bridge Oil and founder and CEO of Anzon Australia.

### LEN GILL **Non Executive Director**

More than 30 years experience in the Australian energy industry. Previously CEO of TXU Australia and current Chairman of Alinta Energy.

## Management & Technical Team

### MICK O'BRIEN **Chief Operating Officer**

Over 30 years experience in senior engineering roles previously with Worley Parsons & Santos.

### PETER STANMORE **GM Exploration**

Geologist with over 30 years experience. Previously team leader for onshore exploration activities for Santos with direct involvement in Scotia CSG field and Santos CSG business. Before that with Exxon Australia.

### KEVIN DIXON **GM Gas Marketing**

Previously GM Strategy Planning for Australian Pipeline Trust . Over 30 years experience in senior management and engineering positions with Exxon.

### ROBIN MAXAM **General Counsel**

Over 30 years experience in private practice & as in- house counsel with Rio Tinto, Leighton Contractors & Woodside Petroleum

### RAY O'BRIEN **Drilling Manager/Contractor**

Over 30 years experience in onshore and offshore drilling in Australia.

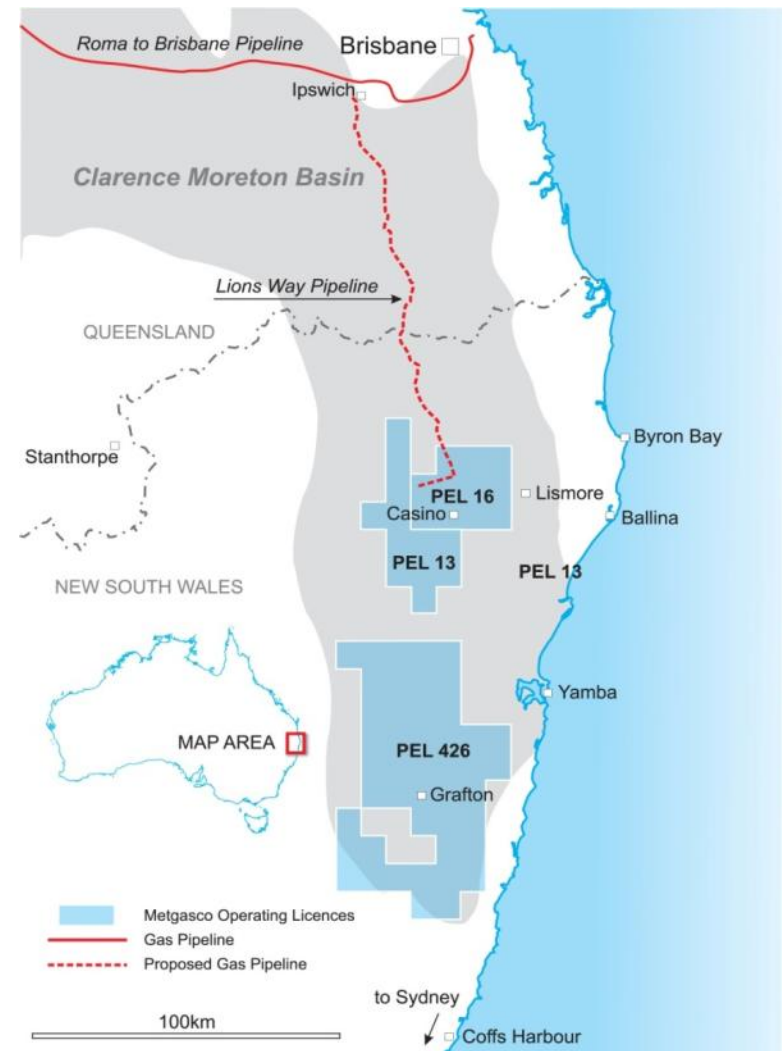
# Metgasco overview - location and acreage

- Leader in the Clarence Moreton Basin in NSW with dominant acreage position
- Basin wide holdings provide unrivalled technical insight
- 100% ownership and operatorship control

## Tenements

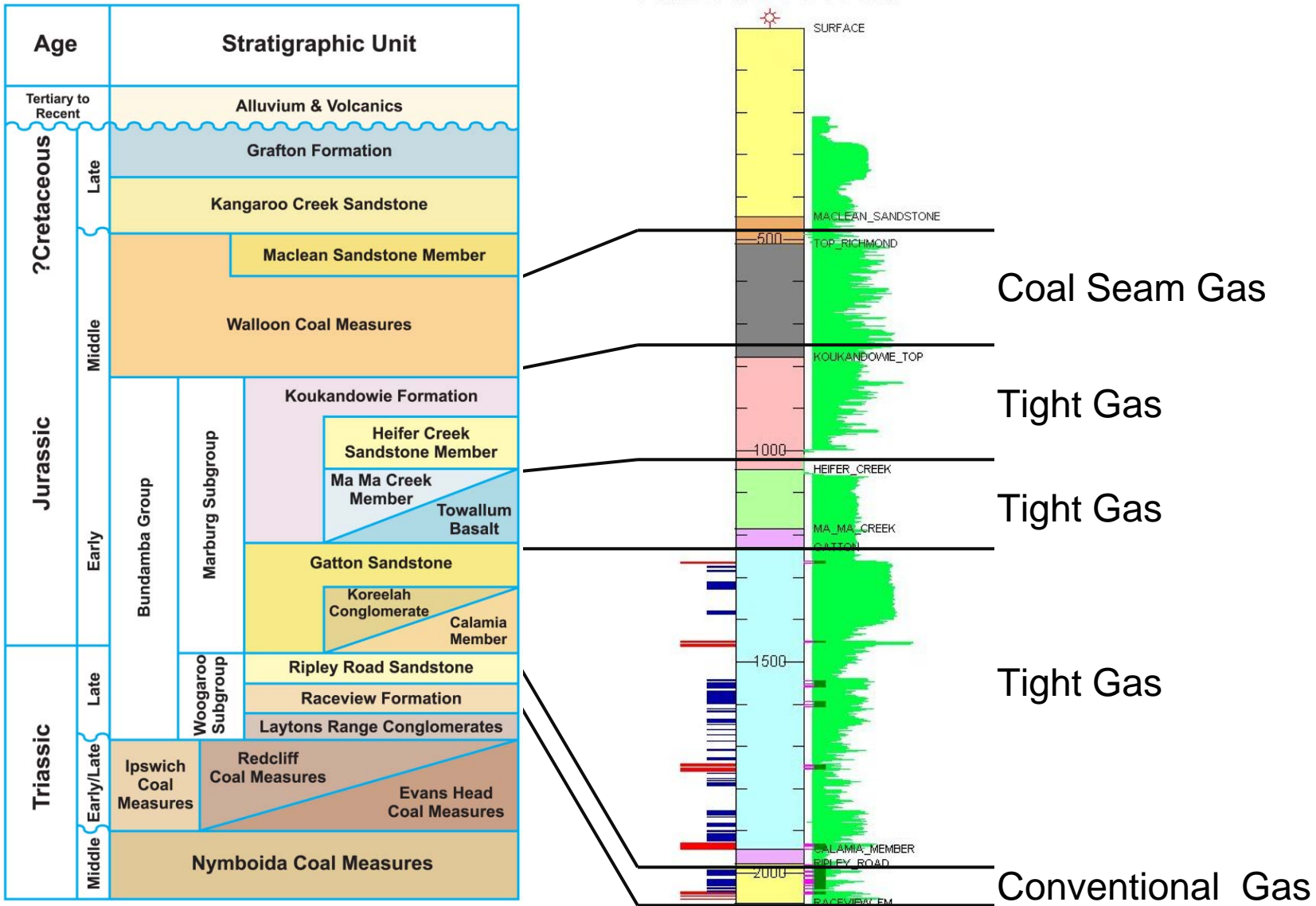
PEL 16	833 km <sup>2</sup>
PEL 13	909 km <sup>2</sup>
PEL 426	2,878 km <sup>2</sup>
<b>Total</b>	<b>4,620 km<sup>2</sup></b>

- Clarence Moreton is southern continuation of the Surat basin in Queensland



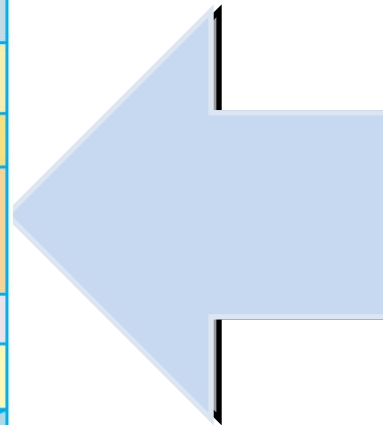
# Unlocking the Clarence Moreton - stacked reservoirs

KINGFISHER-E01

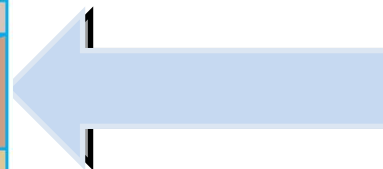


# Coal seam gas

Age	Stratigraphic Unit			
Tertiary to Recent	Alluvium & Volcanics			
?Cretaceous	Late	Grafton Formation		
		Kangaroo Creek Sandstone		
		Macleans Sandstone Member		
	Middle	Walloon Coal Measures		
		Early	Bundamba Group	Koukandowie Formation
	Marburg Subgroup			
				Ma Ma Creek Member
	Towallum Basalt			
	Gatton Sandstone			
	Triassic	Late	Woogaroo Subgroup	Ripley Road Sandstone
Raceview Formation				
Laytons Range Conglomerates				
Early/Late		Ipswich Coal Measures	Redcliff Coal Measures	Evans Head Coal Measures
				Nymboida Coal Measures

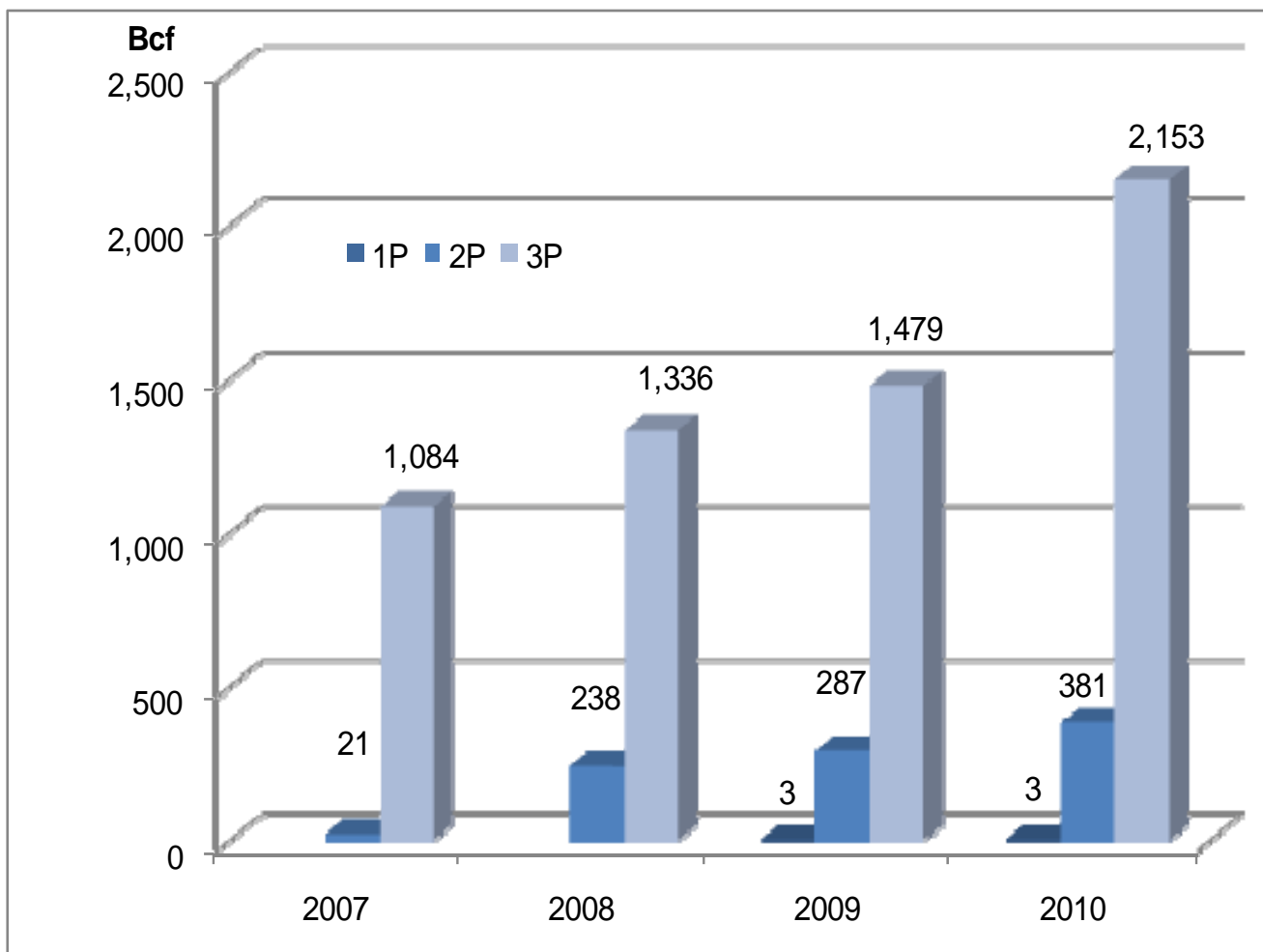


- Walloon Coal Measures
- Widely distributed
- Eleven coal seams with 2P reserves in two reservoirs
  - Richmond seam
  - I/J/K seam
- Most at 200-600metres depth – prime focus for coal seam gas
- Net coal thickness 14-44metres average 29m
- Generally fully gas saturated
- Mainly clean +95% CH<sub>4</sub> - little or no impurities
- Permeability testing 0.5-10mD range



- Ipswich and Nymboida coal measures
- Untested coals
- Seismic shows thick sequences
- Shale gas opportunities

# Over 2 Tcf in coal seam gas reserves

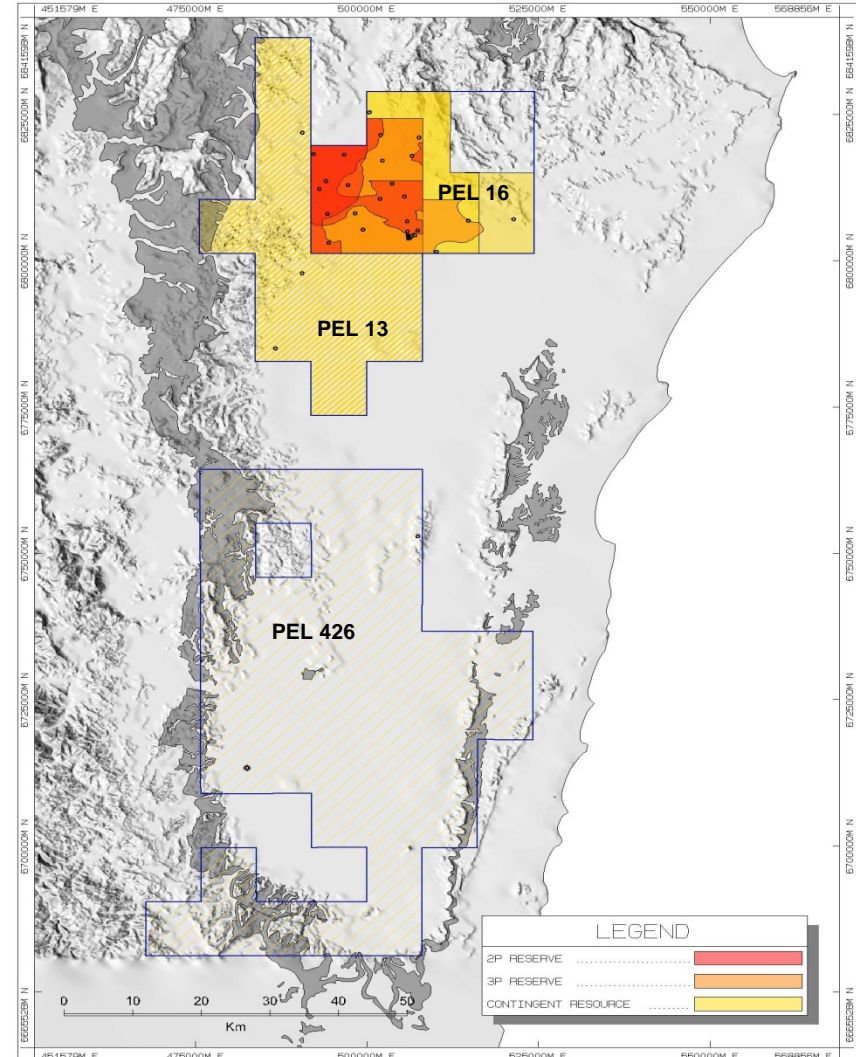


Reserves have been certified by Mr Tim Hower of MHA Petroleum Consultants (Denver) who is a qualified person as defined under the ASX Listing Rule 5.11. Reserves have been developed within the guidelines of the SPE. Mr Hower has consented to the use of the reserve figures in this presentation. Conversion of reserves from PJ to Bcf at 1.04 PJ/1.00 Bcf



# Huge reserve development upside - with coal seam gas reserves recognised over less than 10% of acreage

- |   | Bcf    |
|---|--------|
| ▪ PEL 16                                      |        |
| ➤ 2P Reserves                                 | 381    |
| ➤ 3P Reserves                                 | 2,153  |
| ➤ 2C Resources<br>(Independent certification) | 1,132  |
| ▪ PEL 13                                      |        |
| ➤ Prospective resource<br>(Internal estimate) | 11,000 |
| ▪ PEL 426                                     |        |
| ➤ Limited drilling                            |        |
| ➤ Coal thickness 20.6m                        |        |
| ➤ Gas content 13.0m <sup>3</sup> /t (daf)     |        |



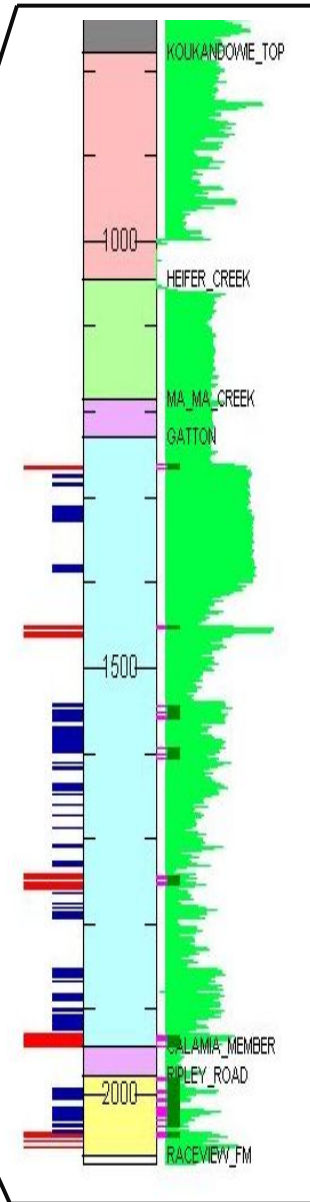
# Gas, gas, gas - coal seam gas trial production



Coal seam gas wells drilled over 100 km apart – all producing gas

# Kingfisher – our first conventional discovery

Age	Stratigraphic Unit	
Tertiary to Recent	Alluvium & Volcanics	
?Cretaceous	Late	Grafton Formation
		Kangaroo Creek Sandstone
	Middle	Maclean Sandstone Member
		Walloon Coal Measures
		Koukandowie Formation
Jurassic	Early	Heifer Creek Sandstone Member
		Ma Ma Creek Member
		Towallum Basalt
		Gatton Sandstone
		Koreelah Conglomerate
	Late	Ripley Road Sandstone
		Raceview Formation
		Laytons Range Conglomerates
		Redcliff Coal Measures
		Evans Head Coal Measures
Middle	Nymboida Coal Measures	
	Ipswich Coal Measures	
Triassic	Early/Late	Woogaroo Subgroup
		Marburg Subgroup
		Bundamba Group
		Calamia Member
		Calamia Member
	Late	Woogaroo Subgroup
		Marburg Subgroup
		Bundamba Group
		Calamia Member
		Calamia Member



- Kingfisher E-1 gas discovery
- Drilled to Total Depth of 2,090 metres
- Large gas column of 138 metres with 30 metres of net pay
- Bottom zone was best performer on test
  - 2,050-2,043.7m
  - 2.97 million scfd through a 1" choke over a 15 hour flow test
  - gas content 95%+ methane
- Significant tight section – less than 10mD
  - 22 zones perforated – all flowed gas at 95% + CH4
  - Frac testing of upper (1450m) zone about to commence

# Kingfisher E1 flow testing



# Unlocking the Clarence Moreton Basin

## - over 20 new prospects and leads

- Previously unexplored mid-basin high has been identified by Metgasco
- Large number of leads and prospects identified with upside drilling potential of 14 TCF
- New seismic to be acquired over Kingfisher, Mackellar, Mackellar North, Wedgetail & Rappville this quarter
- Follow up drilling on Kingfisher and next targets currently in planning stage

	Unrisked OGIP Bcf (Internal estimate)		
	PEL	Pmean	P10
Kingfisher	16	77	284
Mackellar	16	63	688
Mackellar North	16	146	1,793
Bellbird	16	28	295
Cicada	16	35	352
Fantail	16	30	315
Monarch	16	53	528
Triller	16	36	389
Hogarth	13	44	457
Wedgetail	13	105	1,160
Rappville Updip	13	91	995
Rappville West	13	29	292
Shannon Brook	13	30	315
Tullymorgan	426	27	297
Banyabba	426	90	1,065
Clifden	426	19	193
Pine Brush	426	46	353
Dilkoon	426	39	426
Orara	426	56	631
Clarenza	426	29	292
Coaldale	426	201	2,273
Kungala	426	72	793
Southgate	426	29	292
		<u>1,375</u>	<u>14,478</u>

# Multiple development paths

## Local gas load

- Local gas market – numerous opportunities for long term gas sales – market size 2 PJ/year
- Gas supply to SE Queensland via Lions Way Pipeline – market size 95 PJ/year

## Power

- Richmond Valley Power Station – 30MW in development
  - 2.5 PJ/ year
  - Development approval received
- Northern Rivers Power Station – 200MW in development
  - Concept studies completed



## Mini LNG

- Mini LNG for transport and industrial applications

## Export LNG

- There is an opportunity to prove up to 4.5 Tcf (2P) in coal seam gas reserves and 1.5 Tcf (P50) in conventional gas resources through a focused reserve development work program. This volume of gas is sufficient to supply a 3 mtpa LNG plant over 20 years.