



ASX / MEDIA RELEASE

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OPERATIONS UPDATE

Metgasco advises the following update on the Company's current drilling and exploration program.

Kingfisher E01 Stimulation Program

Since the last operations update on 1 December, the well has continued to clean up with further fluid being recovered. Metgasco is encouraged by the gas flows to date given that only approximately half the planned quantity of proppant was able to be placed. Additional gas production from this 3 metre zone in the Gatton appears to have been stimulated and this is likely to have positive longer term implications for the remaining 133 metres of gas bearing sands identified in the Kingfisher field. The well will shortly be placed on a longer term production test to measure sustainable flow rates and confirm reservoir properties.

Eden Creek Coal Seam Gas Multi-lateral Well Pilot Program to commence drilling next quarter (Harrier wells)

Metgasco expects to commence drilling for the Eden Creek multilateral pilot well program next quarter, subject to ground conditions being suitable.

This coal seam gas pilot program will entail drilling three dual lateral wells and the completion of Corella P18 as a single lateral well. The following pilot wells are planned to be drilled:

- Harrier P01
- Harrier P02
- Harrier P03
- Corella P18 – completion of previously drilled lateral well

The wells are located in the area of Corella P11 where Metgasco has had its lead pilot production well on continuous gas production for approximately 2 years. The Corella P11 well is a single lateral well completion into the Walloon Coal Measures with approximately 680 metres of in-seam exposure. The Eden Creek pilot wells have been designed as dual lateral wells with approximately 1,000 metres of in-seam exposure per lateral (2,000 metres in total).

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South Casino 11 (PEL 16)

South Casino E11, in the Casino Gas Project area reached TD of 718 metres on December 8th. This was a vertical well designed to intersect the Richmond coal seam. The well was logged to a depth of 650 metres which identified a gross interval of 19 metres of gassy coal and carbonaceous shale. The alternative drilling and completion techniques adopted for this well were successful and short term flow tests on both the Richmond and IJK seams produced small quantities of gas. The short term tests also showed that the coal seams were relatively dry with no indications of water. The presence of additional dry coals is considered significant for further production testing. The well has been plugged and abandoned as planned.