

22 June 2010

## KINGFISHER E1 – TESTING UPDATE

Metgasco (ASX:MEL) advises that on 17 June 2010 the Company commenced Test 5 in the Kingfisher testing program by perforating a 3 metre zone at 1453 – 1450 metres in sands in the upper Gatton sandstone. Initial results from the perforation have shown good pressure build up with wellhead pressure currently at 2040 psi. A gas sample from this zone has been collected and initial indications are that no CO<sub>2</sub> is present. The well will be opened for production testing on this zone over the next 48 hours followed by flow and build up tests to collect reservoir data.

A detailed reservoir testing program of this well has been underway since January 2010. This testing program has entailed perforation through the casing followed by pressure build up testing, flow testing and gas sampling. A summary of reservoir test results to date is provided below:

Test & Formation	Interval Tested (metres depth)	Gross Interval (metres)	Zones Perforated	Perforated Interval Thickness (metres)	Results
Test 1: Ripley Rd	2050-2043.7	6.3	2	5.3	Gas present - 95% CH <sub>4</sub> 2.97 mmcf/d production rate on 1" choke,
Test 2: Upper Ripley Rd	2036.5 - 1980	56.5	9	12	Gas present, minor pressure buildup
Test 3: Lower Gatton	1942.3-1930	12.3	2	9.5	Gas present, moderate pressure buildup,
Test 4: Gatton	1754-1745	9	2	4.5	Gas present, minor pressure buildup
	1605.5-1593.3	12.2	2	6	Gas present, slow pressure buildup
	1558.5-1544	14.5	3	5	Gas present, moderate pressure buildup
Test 5: Upper Gatton	1453-1450	3	1	3	Gas present, to be tested
<b>Total</b>		<b>113.8</b>	<b>21</b>	<b>45.3</b>	

The zones tested to date have all produced gas with gas content typically in excess of 95% CH<sub>4</sub>. These results indicate a significant gas resource in place in the Kingfisher field. The zones tested have demonstrated variable reservoir characteristics from conventional gas to unconventional tight gas, the latter of which have the potential to be brought into production through fracking or other stimulation techniques. Further details will be provided to shareholders subsequent to collection of data from Test 5.

## Background to Kingfisher E1 (PEL 16)

Kingfisher E1 is the first appraisal well of the Kingfisher field located in PEL 16 in the Clarence Moreton basin in northern New South Wales. The well was drilled in November 2009 to appraise the Heifer Creek and upper Gatton sandstones and explore the lower Gatton and Ripley Road sandstones. A total gas bearing interval of 138.3 metres has been identified from wireline logging with an estimated net pay of 30.3 metres. Metgasco's initial analysis is that the field has a contingent resource of 77 Bcf (P50) and 284 Bcf (P90) which is the largest conventional gas discovery in the history of New South Wales oil and gas exploration.

---

**For further information contact:**

David Johnson  
Managing Director

Glenda McLoughlin  
Chief Financial Officer

**Metgasco Limited** ACN 088 196 383

Level 9, 77 Pacific Highway, North Sydney NSW 2060

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

Web: [www.metgasco.com.au](http://www.metgasco.com.au)