

METGASCO

Unlocking the Potential

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This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of Metgasco is available on our website, www.metgasco.com.au.

ASX Listing Rule 5.11 Disclosure

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.

Corporate Overview

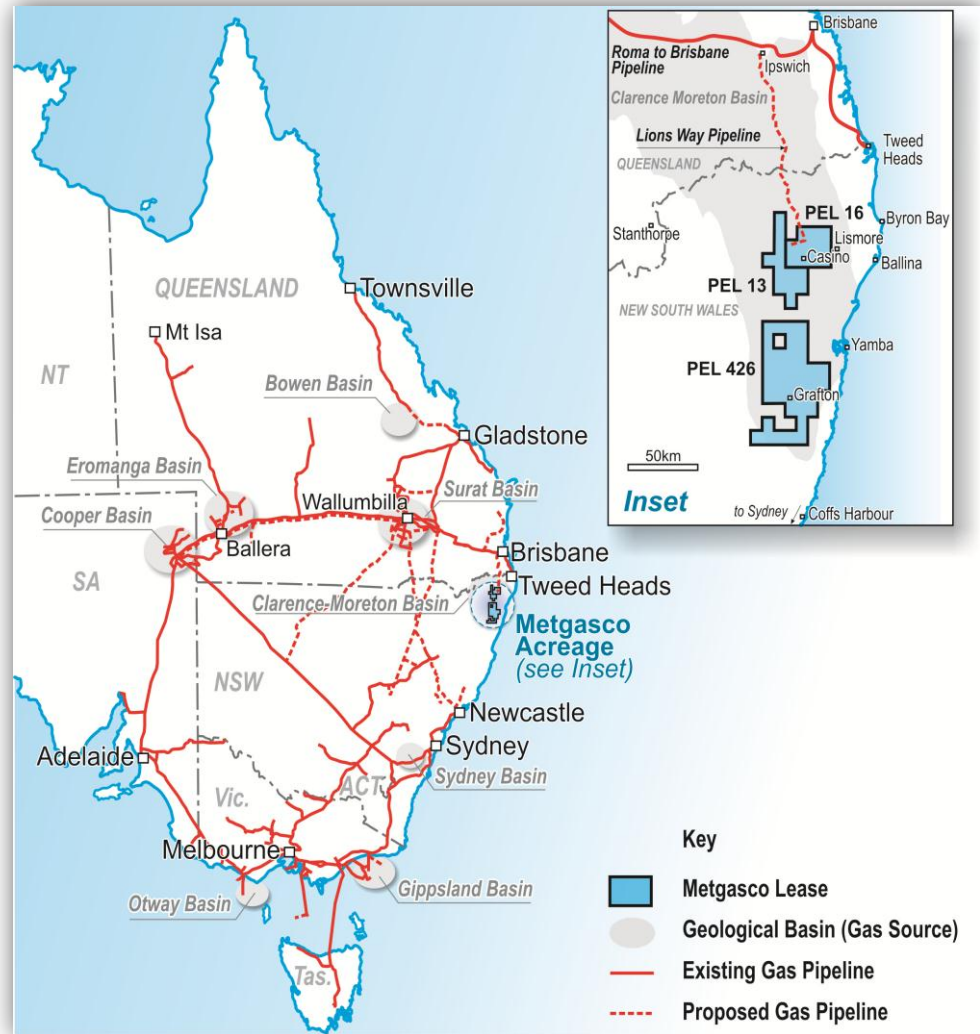
- Metgasco (“MEL”) is an ASX listed, onshore conventional and unconventional gas company, with significant 100% owned acreage in the Clarence Moreton Basin in northern NSW
- MEL’s pilot wells have demonstrated economic gas production in its large resource base and local gas sales are due to commence in 2013
- MEL is continuing to explore multiple commercialisation options for its gas including supply to Gladstone LNG and SE QLD gas markets

Capital Structure

ASX code	MEL
Share price (at 28 Aug 2012)	\$0.235
Market Capitalisation (million)	\$80
Shares on Issue (million)	340.7
Options on Issue (million)	5.3
Cash (at 30 June 2012, million)	\$12
Debt	Nil

Major Shareholders

LNG Limited	10.25%
ERM Power Limited	7.96%



Industry Experienced Board and Management

- MEL's Board and management bring high quality industry experience
- Board has proven track record of project delivery and senior leadership in the E&P industry
- Management has strong technical background; over 100 years of combined E&P operating experience
- Supported by MEL's 28 staff across its Sydney and Casino offices

Industry Focused & Experienced Board

Nicholas M. Heath, Non-Executive Chairman

Formerly: Director of ExxonMobil Australia and Production Manager of Esso's Gippsland operations

Peter J. Henderson, Managing Director and CEO

Formerly: Operations Technical Manager for Esso Australia and Development Manager for Premier Oil PLC.

Steven J. Koroknay, Non-Executive Director

Formerly: Head Operations and Technical Manager, Bass Strait with Esso Australia. Prior to joining MEL, was the founder of Anzon Energy and Anzon Australia

Leonard F. Gill, Non-Executive Director

Formerly: CEO of TXU Australia (now TRUenergy)

Management with Strong Technical Background

Sean Hooper, CFO and Company Secretary

Chartered Accountant with more than 25 years of broad financial experience. Formerly the Financial Controller and Company Secretary of Horizon Oil.

Dr Simon Hann, Drilling and Production Manager

Recently Manager of CSG Drilling and Completion for Santos/GLNG operations. Simon has worked for Shell, Woodside and Geodynamics.

Peter Stanmore, GM Exploration

30 years experience with ExxonMobil, Delhi Petroleum and Santos. At Santos he was the leader of the Onshore Exploration Evaluation team.

Richard Shields, External Relations Officer

Richard has extensive knowledge and experience in community relations, having worked for more than 20 years in senior government and politically related roles.






Robert Petersen, Business Development Manager

Robert has more than 30 years experience in gas and electricity. He has held senior positions with Eastern Star Gas and AGL.

Aidan Stewart, Operations Manager

Aidan has more than 25 years experience in the upstream oil and gas industry, including Schlumberger and Sydney Gas.

Investment Highlights

<p>Significant reserves with high upside potential</p>	<ul style="list-style-type: none"> ▪ Largest uncontracted gas reserves on the East Coast ▪ Large scale CSG resource play with original gas in place (OGIP) of 24 Tcf 	
<p>Reserves / proven production – close to cash flow</p>	<ul style="list-style-type: none"> ▪ MEL provides an existing reserves base and proven production ▪ Cash flow from sales likely to occur in the near term – further validating production and reserves estimates 	
<p>Upside from conventional</p>	<ul style="list-style-type: none"> ▪ Numerous conventional prospects and leads identified, e.g. the Greater Mackellar structure has potential for 1.3 Tcf OGIP 	
<p>Location provides other good commercialisation opportunities</p>	<ul style="list-style-type: none"> ▪ Local and regional gas and power opportunities ▪ Given the asset is 100% owned, MEL also has flexibility to farm-down to a development partner at the appropriate timeframe 	
<p>Experienced Board and management</p>	<ul style="list-style-type: none"> ▪ MEL’s Board and management bring high quality industry experience ▪ Management has good technical background, Board is experienced across E&P and power 	

Significant CSG Reserves Base

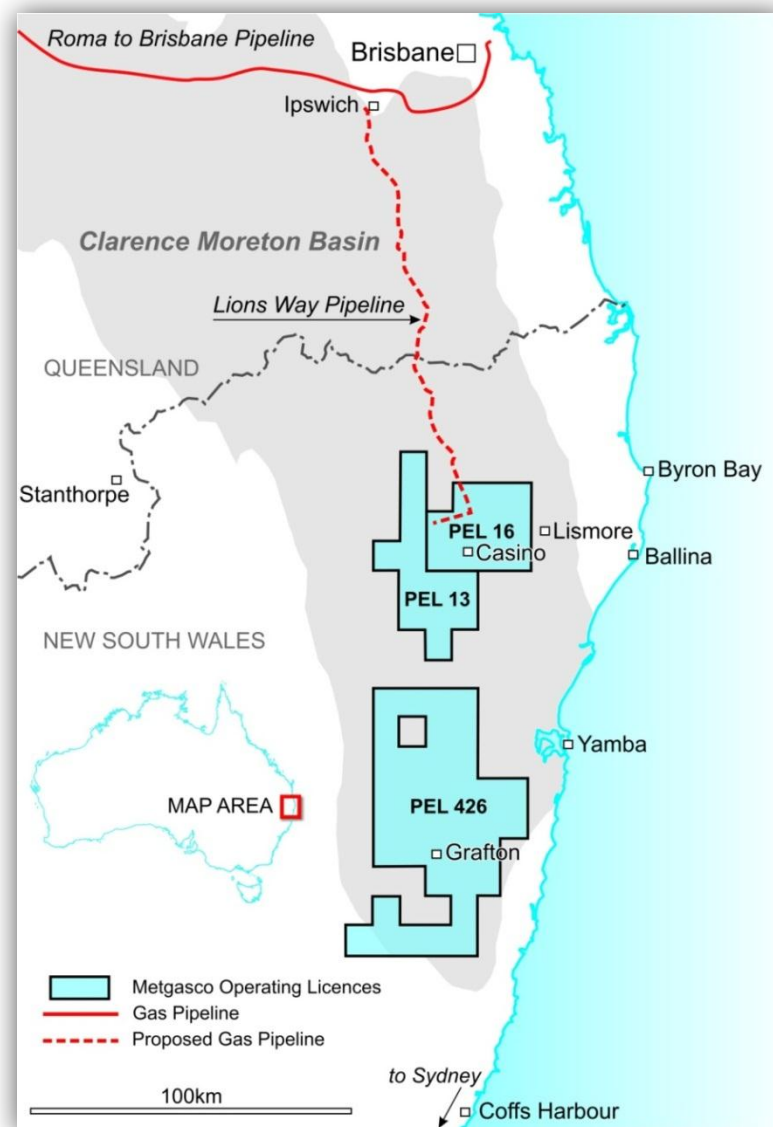
- World scale acreage position in the Clarence Moreton Basin
 - 3 tenements (PEL 16, 13 & 426)
 - 1,126,059 acres
 - 100% owned
- Large gas resource potential
 - MEL's starting base for CSG is a large OGIP estimate of 24 Tcf
 - Current reserves established in 10% of MEL's acreage
 - Potential for further reserve growth across all PELs and additional seams enable MEL to target a reserve position > 5,000 Bcf

CSG Reserves and Resources

	Reserves			Resources	
	1P (Bcf)	2P (Bcf)	3P (Bcf)	2C (Bcf)	OGIP ² (Bcf)
PEL 13		30.0	290.8	1,282.8	10,940
PEL 16	2.6	381.4	2,153.2	1,132.1	8,031
PEL 426	-				4,951
Total	2.6	411.4	2,443.9	2,414.9	23,922

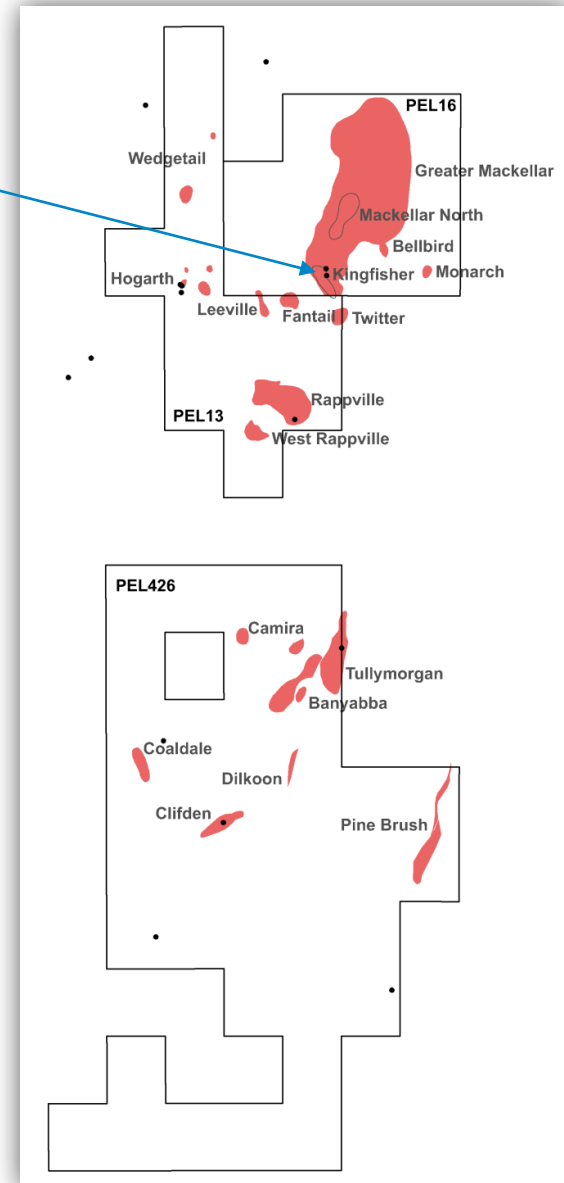
Notes:

- 1P, 2P, 3P & 2C Reserves and Resources certified by MHA Petroleum Consultants (Denver)
- OGIP estimates undertaken by Mr. Peter Stanmore General Manager of Exploration at Metgasco.



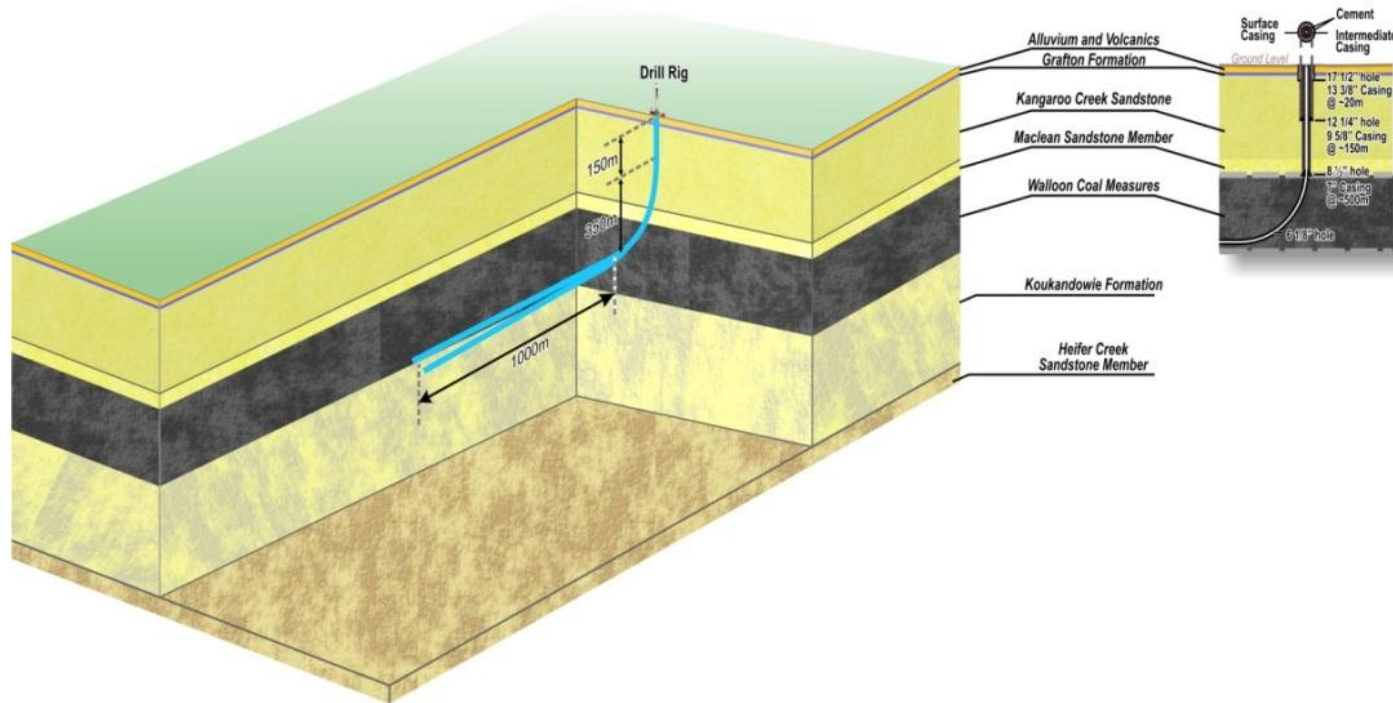
Further Upside from Conventional Gas Discovery

- Kingfisher E01
 - First major conventional gas discovery in NSW (November 2009)
- Large section of gas charged sands identified
 - 138 metres of gas charged sands in Ripley Road and Gatton formations
 - Up to 500 meters of additional section below TD of Kingfisher E01
- Extensive testing and appraisal program conducted
 - Good quality +95% CH₄ gas
 - Production test (2,050-2,043.7m) – 3 mmscfd
 - Extended production test of Gatton formation (1,450-1,453m) following limited stimulation of a 3 meter zone
- Greater Mackellar Structure
 - P_{mean} OGIP 1,312 Bcf
 - Plan to drill in 1H 2013



CSG Proven Production – Richmond Seam

Schematic of Multi-Lateral Well



After several years of resource definition, MEL has recently refined completion techniques to enable strong, sustainable gas flow rates

- Corella P11 – single lateral on production test for over three years – 200 mcf/d production rate: validates the target of 400 mcf/d from dual lateral
- Corella P18 – sidetrack single lateral (improved drilling and completion techniques) encouraging test results
- Harrier P01 – dual lateral: test results on target for > 450 mcf/d

Large Uncontracted Coal Seam Gas Reserves

- 100% ownership of gas reserves
- Large uncontracted reserve position in the CSG sector
- Reserves:
 - Cover PEL 13 and 16
 - Over 10% of area
 - Excludes conventional gas
- Scope to significantly increase CSG reserves

Australian Coal Seam Gas Reserves (Petajoules)

Company	3P	2P
QGC (BG)	14261	7245
Origin	7268	5122
ConocoPhillips	6265	5004
Santos	7409	4564
Shell	6879	2874
PetroChina	4129	2636
AGL	3506	2029
Metgasco	2542	428
Sinopec	2211	1766
Petronas	2112	1377
TOTAL	2112	1377
Kogas	1152	751
Molopo	817	345
Westside	725	258
Senex	314	138
Mitsui	212	110
CS Energy	189	70
Dart	102	45
Total	62,205	36,139

■ LNG participant company

■ Independent

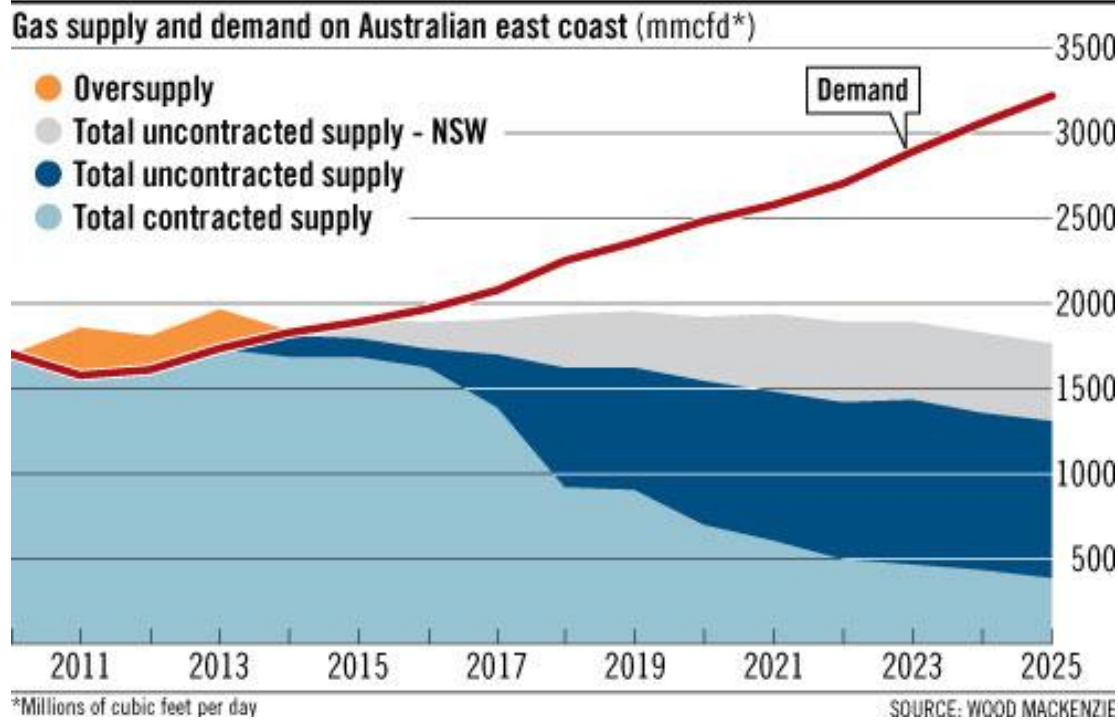
Source: Company Research and Internal estimates
 Conversion of reserves: 1.04 PJ/1.00 Bcf

Strong East Coast Demand – Domestic and Export

Gas Market is undergoing significant structural change driven by

- LNG developments in QLD - Gas being sold to higher priced Asian LNG markets
- Transition to a lower carbon economy
- Declining production from traditional east coast conventional gas - Cooper Basin

Massive shortfall



Source: Australian Financial Review 29 March 2012

NSW – Security of Supply?

“The point is that NSW is facing a gas supply crisis...The supply contracts start to run out in 2014 and one-third of the energy in NSW comes from gas.”

*The Hon Chris Hartcher, MP,
The Australian - August 18 2012*

- NSW consumption approx. 140 PJ/annum and growing
- 95% of NSW's gas now comes from interstate (Cooper or Gippsland Basin)
- Gas shortages will start to occur in the next few years as current contracts expire

Upward Trend in Gas Prices

Price risk now skewed to the upside

Availability of abundant low-cost marginal CSG for domestic use now increasingly unlikely

Source: National Gas Outlook: Domestic gas Prices and Markets. ACIL Tasman 30 May 2012

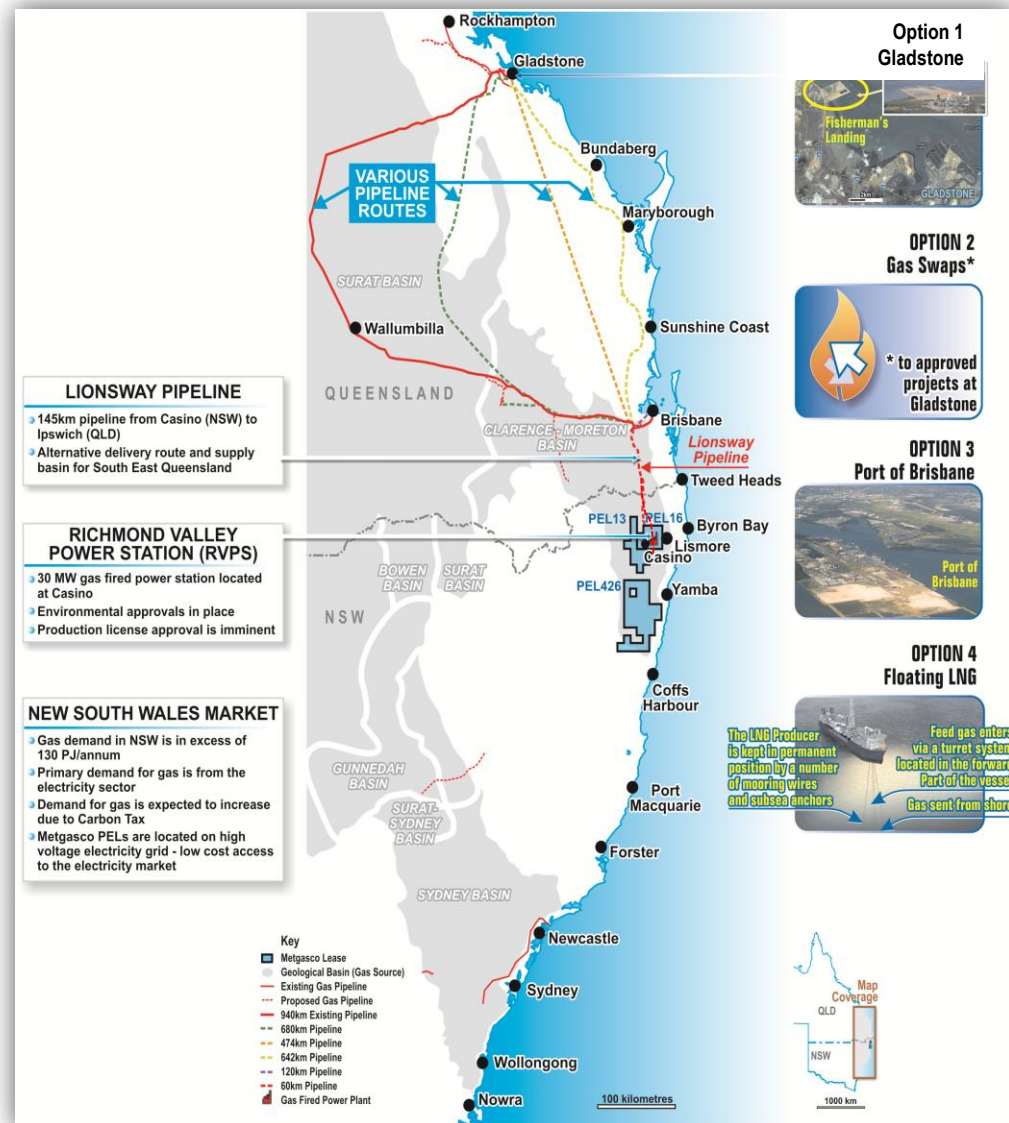
- Days of wholesale sales gas prices contracts under \$4/GJ are over
- Domestic gas prices may converge towards international LNG prices
- Gas contracts are increasingly oil linked
- LNG plants will secure gas contracts to ensure that plants are fully utilised

Date	Contract	Volume (PJ)	Duration (yrs)	Price Estimate
May 2012	Origin to GLNG	365	10	Oil Linked
Oct- 2011	AGL to Diamantia	138	10	Oil Linked
Aug-2011	AGL to BG Group	+ 50	3	Oil Linked

Source: Broker Research and Company Estimates

Multiple Commercialisation Options Available

Grow Domestic Gas Business	<ul style="list-style-type: none"> Small volume, high margin sales to local businesses competing with LPG (\$25/GJ) and diesel (\$35/GJ)
Power Alliance	<ul style="list-style-type: none"> Potential partnership with power specialists for long term gas supply to small-mid-scale developments
Mid Scale GSA to LNG	<ul style="list-style-type: none"> ~30 PJ/a gas sale agreement with established Gladstone-based LNG player to supplement Queensland CSG volumes Oil-linked gas prices 145 km Lions Way Pipeline can deliver gas into Queensland network to access Gladstone precinct
LNG Development	<ul style="list-style-type: none"> 90 PJ/a LNG developments independently evaluated by WorleyParsons <ul style="list-style-type: none"> 1-2 mtpa capacity at Gladstone Or Floating LNG on East Coast with FLEX LNG Ltd



Strong Government Support for Gas Industry Growth

"With yet to be tapped coal seam gas reserves representing over 250 years of supply, it's essential that we start to get Projects moving with proper protection in place."

*The Hon Chris Hartcher , MP,
NSW Minister for resources and Energy, 15 May 2012*

"Importantly, the Study (referring to the Namoi Catchment Study) shows that the collective impacts of coal mining and coal seam gas extraction can be effectively managed without negatively impacting agricultural water use across the region

*The Hon Chris Hartcher , MP,
Media Release, 31 July 2012*

The NSW government is about to implement new policies to provide the general public with more confidence in the industry:

- Strategic Regional Land Use Policy
- Aquifer Interference Policy
- Code of Practise for Coal Seam Gas Exploration

The NSW Government is also about to release new drilling and fracking standards, reviewed by the NSW Chief Scientist, and has announced:

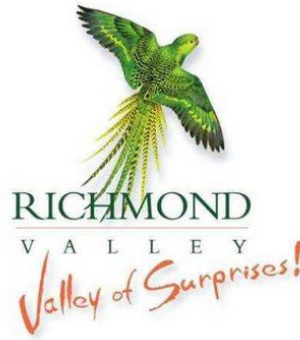
- The creation of a new position, the Land Commissioner, to assist in CSG management and land access
- Additional staff for the Department of Resources and Energy to assist with industry regulation and compliance inspections.

Metgasco is confident that regulatory approvals will be granted soon.

Strong Relationship with the Community



Metgasco Land Administration Officer meeting a local Casino farmer



Landowners

- Metgasco sees the local landowners as critical partners.
- Before undertaking any exploration activities, Metgasco enters into an access arrangement with the landholder
- It does not carry out any operations other than in accordance with an access arrangement.

Local Community

- Metgasco has strong relationships with the local community, the local council, federal and state ministers.
- The team of 15 employees in our Casino office has a strong local representation
- Focus on creating opportunities for the local region has generated support for Metgasco:
 - Priority purchasing from local suppliers
 - Field traineeship established through local TAFE
 - Visible presence and contribution to the local community

Ready to Go

- Heightened demand for gas
 - Local NSW demand for gas to displace high priced LPG and diesel
 - Gladstone LNG projects require additional gas to meet export commitments
 - Potential for stand-alone LNG project with FLEX LNG
- Metgasco is among the last remaining independent companies on the east coast with uncommitted 2P gas reserves
- The company has significant onshore conventional gas supply potential
- Metgasco plans for 2012/2013
 - First gas sales and production
 - Gas sales to local customers (Richmond Dairies)
 - Drill high impact conventional gas lead – Greater Mackellar, P_{mean} 1,312 Bcf
 - Continue to refine CSG production technology and improve reserve position
 - Secure GSA for a major gas supply project to underpin field development
 - Consider partners to pursue the upscale commercial potential that exists