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KINGFISHER E1 – TESTING UPDATE

Metgasco (ASX:MEL) advises that testing of the Kingfisher E1 well has continued over the past week.

The focus of activity has been pressure build up testing of the Ripley Road reservoir with a view to providing further data on the size and quality of the reservoir. This testing program is expected to continue over the next two weeks.

Gas samples recovered from the Ripley Road reservoir have been provided to external laboratories for analysis. Preliminary analysis indicates the gas composition to be as follows:

- 95.8% methane;
- 2.1% nitrogen;
- 0.3% carbon dioxide; and
- 1.8% other.

Once the testing of the Ripley Road reservoir is completed, the Company plans to perforate additional zones higher in the well to evaluate the characteristics of these additional reservoirs.

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. The first stage of the reservoir testing program commenced in January 2010 with a test of a 5.3 metre zone in the Ripley Road sandstone which flowed at a stabilised rate of 2.97 million scfd for 15 hours through a 1" choke. 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. Results from the production testing program will provide further information on the scale and commercial significance of this discovery. Metgasco holds a 100% interest in PEL 16.

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