



MEDIA RELEASE

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Development of Metgasco's natural gas plan to provide economic opportunity for the Northern Rivers community

The release today of the *Economic Impact of Proposed Natural Gas Operations in Northern Rivers* by Metgasco highlights the potential economic benefit to the local community generated by the development of a local gas industry.

Mr Peter Henderson, Managing Director and Chief Executive Officer of Metgasco Ltd, said today the development of a Metgasco proposed gas business in the Northern Rivers region could create significant employment opportunities and strengthen the economic sustainability of energy dependent local businesses.

The *Economic Impact of Proposed Natural Gas Operations in Northern Rivers*, prepared by Lawrence Consulting, states that the potential economic benefit to the regional economy from a fully developed Metgasco business model will result in the creation of the following for the region:

- \$1.4 billion of direct expenditure over 20 years;
- \$2.1 billion of total expenditure over 20 years;
- 400 full time equivalent (FTE) direct construction jobs;
- 270 FTE direct operations jobs;
- 1,000 FTE total construction jobs; and
- 950 FTE total operations jobs.

"The effects of these newly created local jobs and the significant expenditure will flow through to all parts of the Northern Rivers community. The new jobs created will mean that these people will buy more food, fuel, furniture and electronic goods from local businesses. The whole community will benefit from the growth of our operations," Mr Henderson said.

Mr Ray Brown, the Mayor of the Western Downs Regional Council, Queensland (which includes the town of Tara) recently said:

"the burgeoning (natural gas) industry had already halted the drift away from rural areas and created more jobs than the region could handle."¹

"Training and education plans will need to be put in place, preferably with local institutions, to ensure that opportunities are provided for local youth in particular. Metgasco will also explore means of subcontracting operational work to landholders as a means to optimise costs and further distribute the industry's benefit locally," Mr Henderson said

¹ AFR 8 March 2012, page 12

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“The NSW Government released last year the Regional Action Plan 2021, which is a essentially a road map to create 475,000 more jobs in NSW over the next 10 years. Metgasco believes that the development of a local gas industry in the Northern Rivers region will assist the NSW Government’s aim of growing the state’s economy through the creation of direct and indirect regionally-based jobs and by reducing the energy costs of local businesses,”

“This positive economic impact will be achieved with adherence to a strong regulatory regime which complements existing industry standards, ensuring that safe environmental practices are maintained.” Mr Henderson said.

The author of *Economic Impact of Proposed Natural Gas Operations in Northern Rivers*, Mr Reuben Lawrence, believes that the benefits to the local, regional and national economy from these planned operations will be widespread.

“The results of this study demonstrate that incomes and expenditures from Metgasco’s proposed Northern Rivers natural gas operations are likely to be widely distributed across multiple regions and states of Australia, generating significant flow-on effects. Expenditure from Metgasco’s natural gas business will have indirect impacts on the business environment in many areas, and will generate substantial levels of economic activity in the Northern Rivers.” Mr Lawrence said.

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Background

Metgasco Limited (“Metgasco” or “the Company”) and its predecessors have been operating for 10 years and was listed on the ASX (ASX Code:MEL) on 24 December 2004. Headquartered in Sydney and with a regional office in Casino, Metgasco is exploring and developing gas resources in the Clarence Moreton basin in Northern NSW. Metgasco is solely focussed on developing energy resources in NSW, where it has invested over \$80 million in gas exploration over the past 10 years.

Metgasco holds exploration licences issued by the NSW government which require the company to conduct seismic surveys and to drill exploration wells in order to assess the commercial potential for the development of the state’s natural gas resources in the Northern Rivers region.

Metgasco has discovered large coal seam gas and conventional gas resources and is in the process of developing and commercialising these resources as well as continuing current exploration efforts.

Metgasco Ltd commissioned Economic Consultants, Lawrence Consulting (<http://www.lawrenceconsulting.com.au/>) to determine the total direct and indirect economic benefit to the local, regional, state and Australian economies of Metgasco’s proposed natural gas (made up of coal seam and conventional gas) operations in the Northern Rivers.

The economic assessment has been based on historical and projected operational and capital expenditure data provided by Metgasco and this report summarises the multiplier and consumption effected that are generated by this direct stimulus.

Definitions

- Direct Effect = wages for direct employment of workforce (ie Metgasco employees) and expenditure on business services in local and regional economies.
- Indirect Effect = net effect of subsequent rounds of economic activity in the business supply chain (multiplier effect)
- Total Expenditure = direct and indirect expenditure
- Construction jobs = jobs that service the capital requirement that are project specific and conclude at the end of the building works.
- Total Construction jobs = direct and indirect construction jobs
- Operations jobs = jobs that service the ongoing day-to-day operation and maintenance of gas field development and conclude at the end of life of the gas field.
- Total Operations jobs = direct and indirect operations jobs.