METGASCO

ASX / MEDIA RELEASE

ASX Code: MEL

31 January 2020

QUARTERLY ACTIVITIES REPORT

PERIOD ENDED 31 DECEMBER 2019

Metgasco Ltd (ASX: MEL) ("Metgasco" or the "Company") made significant progress in the December 2019 quarter to focus the business on high impact, onshore Cooper/Eromanga and Perth Basin assets. The Vali-1/Vali-1 ST1 exploration well in ATP2021 commenced drilling in mid-December and following a gas discovery in mid-January with over 35 m of conventional net-pay in the Patchawarra Formation, was cased and suspended. In late November the ATP2021 JV executed a term sheet to negotiate a binding farm-in agreement with a subsidiary of Senex Energy for PRL211 paving the way for the Odin gas exploration prospect to be drilled in late Q2 CY2020.

In November 2019 and January 2020, Metgasco signed a binding term sheet followed by a Farm-in agreement with Vintage Energy to fund 50% of the Cervantes exploration well in the northern Perth Basin permit L14. The Cervantes exploration prospect, planned for drilling in Q32020, is considered to be one of the largest undrilled onshore oil prospects in this basin.

Metgasco's strategy to be the partner of choice focussing in Australian premium onshore basins has delivered a foundation gas discovery and with two further, fully funded high impact exploration wells to be drilled later in CY2020

Metgasco reduced the quantum of the upcoming in-specie return of Byron Energy Limited (ASX: BYE) (Byron) ordinary shares to Metgasco shareholders from 30 million to 20 million shares to enable the Company to be fully funded for exploration activities in CY2020.

The Metgasco Board continues to recommend that Metgasco shareholders reject the Melbana all scrip take-over offer, which the Board believes significantly undervalues Metgasco's shares

SUMMARY

Key activities during the quarter ended 31 December 2019 ("**Quarter"**) comprised:

- In October 2019 Metgasco proposed an in-specie distribution of Byron shares. Legal and tax advice was sought for the distribution. In December the quantum of shares to be returned was reduced to 20 million to enable the Company to fund an additional exploration farm-in the Cooper/Eromanga. The in-specie return will be presented at an EGM shareholders' meeting which is planned for Q12020;

- On 15 November a binding term sheet was signed with RCMA Australia Pty Ltd ("**Jade**") and Vintage Energy Ltd (ASX: VEN) ("**Vintage**"), with Vintage to fund 50% of the Cervantes exploration well for a 30% participating interest. In addition, Vintage will finance $200k worth of future exploration costs. Vintage also has the first right of refusal to participate in the optional well in L14 with the same commitment obligations and earned interest proportions as Cervantes;

- On 22 November the ATP2021 JV executed a term sheet to negotiate a binding farm-in agreement with a subsidiary of Senex Energy Ltd (ASX: SXY) ("**Senex**") for PRL211, adjacent to ATP2021 in the South Australian side of the Cooper/Eromanga Basin. The Odin gas prospect, targeted to spud in late Q2CY2020, straddles both permits;

- An independent report by RISC Pty Ltd.("RISC") increased prospective resources on the Cervantes prospect, calculating Mid/P50 of gross 17.4mmbo;

- Metgasco's Target's Statement in response to the Melbana Energy Limited (ASX: MAY) ("**Melbana"**) Bidder's Statement was released to the market on 8 October 2019 and mailed to shareholders on 9 October. The Board of Metgasco unanimously recommend shareholders reject the Melbana take-over offer. A Supplementary Target's Statement was issued by Metgasco on 24 October recommending shareholders to reject the Melbana offer;

- Melbana issued Supplementary Bidder's Statements on 3 October 2019, 16 October 2019, 5 November 2019 and 23 December 2019;

- Metgasco's Annual General Meeting was held on 28 November 2019. Both resolutions, the re-election of Mr. Amery and the remuneration report, were passed;

- CEO terms of employment were updated in December increasing his time commitment from 0.8 Full Time Equivalent (FTE) to 1.0 FTE. Overall remuneration, on an annualised FTE basis, remained unchanged;

- Vali-1 well operations commenced with rig being mobilised to site on 17 December. In late December a plug back and side-track operation was required to correct the well path to remain vertical.

Material developments since 31 December 2019 are as follows:

- As announced on 16 January 2020, gas was discovered at Vali-1 ST1 in the primary Patchawarra Formation target. The well has been cased and suspended for future testing and production. Laboratory analysis is currently underway. Analysis of the data gathered indicated the discovery of over 35 metres of potential net gas pay.
- A re-stated L14 Western Flank farm-out agreement with Jade and Vintage was executed on 20 January 2020. The farm-out agreement commits Metgasco and Vintage to drilling, in Q3 CY2020, the Cervantes oil prospect in the L14 production licence. Metgasco's cost exposure, will reduce to 50% of the drilling of up to two wells and its interest will reduce to 30% of any hydrocarbons discovered by these two wells.

The Quarter's activities (and material developments since 31 December 2019) are outlined below:

Perth Basin L14: Cervantes Exploration Farm-in Agreement

On 9 September 2019, Metgasco executed a farm-in agreement into the North Perth Basin L14 with Jade for the right, exercisable by 15 November 2019, to drill and fully fund up to two exploration wells to earn a 60% interest in any hydrocarbons discovered by these wells. Metgasco had the right in the farm-in agreement to introduce a farminee for both exploration wells to share exploration costs, on the same terms.

Metgasco's team identified the 3D seismically defined highly prospective Cervantes oil prospect in the L14 production licence, 3km west of the Jingemia oil field that has produced approximately 4.6 million barrels of oil to date (refer announcement 10 September 2019). Subsequently, a binding term sheet with Jade and Vintage was signed on 15 November 2019 introducing Vintage as a farminee. By signing the term sheet, Metgasco confirmed its right to drill Cervantes.

Vintage agreed to farm-in by paying 50% of the Cervantes well costs for a 30% working interest in the Permian sands. Vintage also has the first option to participate in the optional well in L14 with the same commitment obligations and earned interest proportions as Cervantes. Vintage will also pay Metgasco $100k for future exploration expenditure relating to Cervantes and Jade $100k relating to seismic re-processing over the L14 licence.

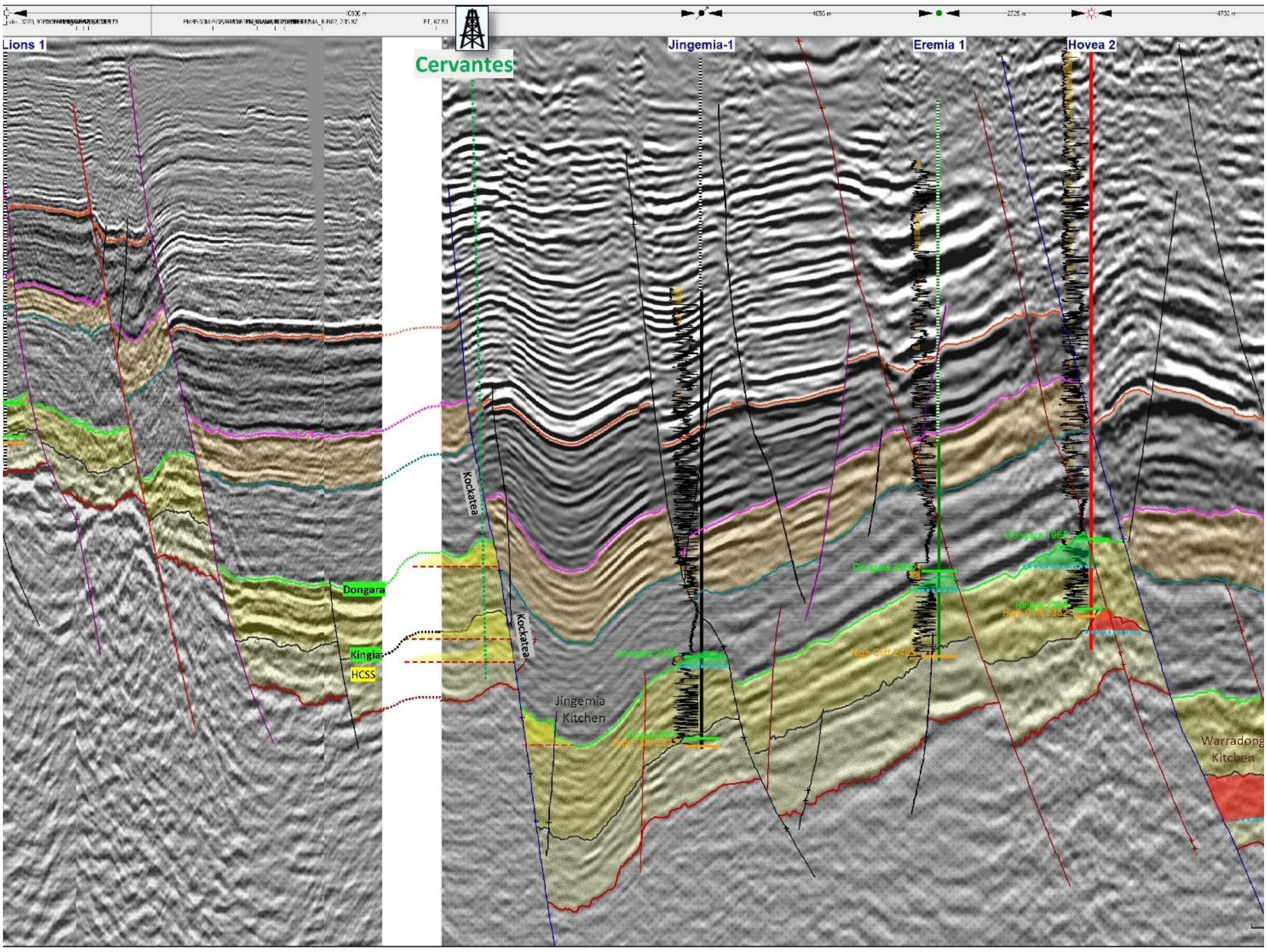
As a result of the introduction of Vintage to the joint venture, Metgasco's cost exposure will reduce to 50% of the drilling of up to two wells, and its interest will reduce to 30% of any hydrocarbons discovered by these wells. The farm-in agreement allows for any oil discovery to be quickly commercialised via a negotiated crude oil processing and purchasing arrangement.

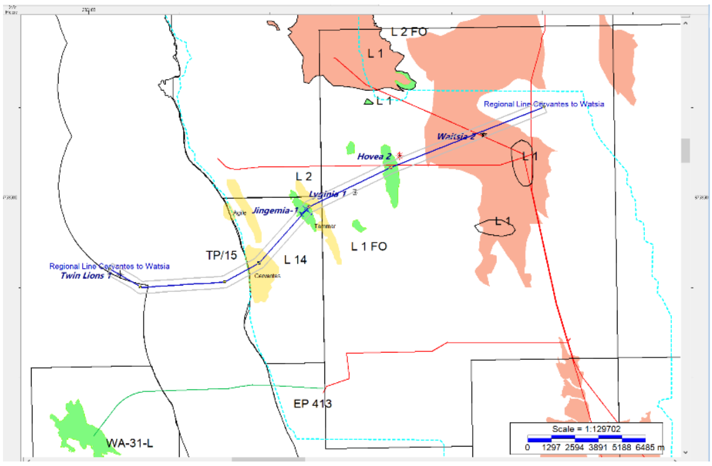
Drilling planning for the Cervantes prospect is underway and environmental approval planning has been initiated. The current gross cost estimate range to drill Cervantes is $5-7 million and will be more accurately defined as the project progresses. In the event that well costs go above gross $8 million then Metgasco financial contribution would revert to the JV equity level of 30%. The joint venture plans to drill Cervantes in Q3 CY2020.

The Cervantes prospect as mapped is a tilted fault block (Proven Trap) with the primary target, the Kingia SS currently mapped as juxtaposed across the bounding fault to the primary Perth Basin oil source, the Kockatea Shale. The prospect has been assessed to feature high quality Kingia/High Cliff sands (excellent gas producer at Waitsia) as well as the prolific oil producing Dongara sands, in the shallowest depths in the Perth Basin. A moderately deviated well will target three reservoirs in one well (Kingia, Dongara and High Cliff) increasing the chances of success.

The regional cross section in Figure 1 below illustrates the tilted fault blocks of the hydrocarbon bearing Perth Basin. Note that Cervantes shares many sub-surface features with successful discoveries east of the prospect (Jingemia/Hovea/Eremia/ Waitsia).

Figure 1: W-E Section: Twin Lions – Cervantes - Waitsia





On 10 September 2019 Metgasco announced prospective resources for the Cervantes prospect. (See Table1). The net resources of Metgasco have been updated to reflect the Vintage farm-in.

Table 1 Cervantes Prospective resources

Prospective Resources								
Prospect	**Reservoir**	**OOIP mmbls**			**Recoverable mmbls**			
		Low (P90)	**Best (P50)**	**High (P10)**	**Low (P90)**	**Best (P50)**	**High (P10)**	
Cervantes	Dongara SS	7.7	14.9	28.5	3.7	7.4	14.6	
	Kingia SS	5.5	17.8	54.0	2.2	7.1	22.3	
	HCSS	0.3	2.2	13.8	0.1	0.8	5.0	
L14 100%		13.6	34.9	96.3	6.0	15.3	41.9	
Metgasco 30%		4.1	10.5	28.9	1.8	4.6	12.6	
**Prospective Resources Announced 10 September 2019.*								

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates are un-risked and have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of potentially significant moveable hydrocarbons. These prospective resource estimates are probabilistic in nature and are recoverable raw oil attributable to JV gross (100%) and Metgasco net interest (30%) in the Cervantes prospect as of 15 November 2019. The resources have been classified and estimated in accordance with the Petroleum Resource Management System (PRMS). Metgasco is not aware of any new data or information that materially affects the estimate above and that all material assumptions and technical parameters continue to apply and have not materially changed.The JV intends to drill the Cervantes prospect in Q3 CY2020 and that no further material exploration activities, including studies, further data acquisition and evaluation work are to be undertaken prior to that activity

A re-stated farm-out agreement was executed by Metgasco, Jade and Vintage on 20 January 2020 as per the term sheet agreed on 15 November 2019 and discussed above.

Perth Basin L14: RISC Independent Report

Metgasco engaged RISC to provide an independent report on the value of Metgasco's interest in the L14 production licence, based on the value of the farm-in promotion factors. Metgasco provided RISC with relevant sub-surface information and RISC provided the prospective resource estimates on the basis of auditing existing interpretations and making necessary adjustments based on their technical opinion.

RISC's summary of prospective resources for Cervantes is shown below in Table 2. The mid case prospective resource estimate is 17.4 MMbbls or 5.2 MMbbls net to Metgasco.

These updated resource estimates represent a 14% improvement in Metgasco's resource estimates announced on 10 September 2019 (refer ASX announcement 4/10/19).

Table 2: Prospective resource estimates for the Cervantes prospect (100%)

Reservoir	POS	Low MMbbls	Mid MMbbls	High MMbbls	
Dongara	14%	5.4	12.1	23.2	
Kingia	20%	1.2	3.4	9.1	
HCSS	20%	0.5	1.9	5.9	
Arithmetic total		7.1	17.4	38.3	

These prospective resource estimates are probabilistic in nature and are recoverable raw oil attributable to 100% interest in Cervantes as of 4 October 2019. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. *The prospective resource estimates in the above table have an* associated *risk of discovery and a risk of development.* Metgasco is not aware of any new data or information that materially affects the estimate above and that all material assumptions and technical parameters continue to apply and have not materially changed. *Further exploration, appraisal and evaluation will be required to determine the existence of potentially moveable hydrocarbons.*

Cooper /Eromanga Basin Exploration Blocks: ATP2021 and ATP2020

ATP2021: Vali-1 Drilling and Gas Discovery

On May 2019, Metgasco farmed out a 50% interest in ATP2021 to Vintage who would contribute 65% of the cost of Vali-1 (up to a gross cost of $5.3 million), pay $527,800 of Metgasco's future exploration costs on the licence, and funding up to $70,000 of 2D and 3D reprocessing.

On August 2019, Metgasco farmed out a further 25% of ATP2021 to Bridgeport (Cooper Basin) Ltd who would contribute a further 32.5% of the cost of Vali-1(up to gross cost of $5.3 million) and would pay Metgasco's future exploration costs up to $263,900.

These two farm-out transactions achieved a free carry for Metgasco on the Vali prospect.

On November 2019, a rig contract was signed by Vintage, on behalf of the ATP2021 joint venture, with Saxon Energy Services Ltd (Schlumberger Land Rigs) for the use of the SLR-185 rig to drill Vali-1. The rig was mobilised to site in mid-December 2019 and drilling operations commenced on 17 December. The Vali primary target is in sandstones of the Patchawarra Formation, with the Toolachee Formation being a secondary objective. These reservoirs are proven as producing reservoirs on the southern flank of the Nappamerri Trough, with over 600 Bcf of gas produced from fields within a 15 to 40-kilometre radius of the Vali prospect.

Oil shows were observed in the shallower Westbourne and Birkhead formations.High gas shows were observed over substantial thicknesses in a number of intervals in the Nappamerri Group and two thinner intervals in the Toolachee sands.

A survey tool was run in Vali-1 after reaching a depth of 2,106 metres within the Nappamerri Group to check the wellbore position and showed that the subsurface geology had caused the well to deviate in excess of 24 degrees from its vertical position. To correct the well path and maintain an angle toward the target reservoirs, it was necessary to plug back with cement and side-track the well. The Vali-1 ST1 side-track commenced at a depth of 1,644 metres in the Murta Member and the well drilled ahead with a directional assembly to control any tendency to build angle caused by the geology.

The Vali-1 ST1 well was drilled through the Patchawarra Formation and numerous gas shows were observed. Drilling was slow due to hard lithology necessitating a number of bit changes. As a result of this, the TD of 3,217m was not reached until 10 January 2020.

This was followed by an evaluation program that included wireline logging, the gathering of formation pressure data and the sampling of formation fluid. Analysis of the data gathered indicated the discovery of over 35 metres of net gas pay (with a porosity cut-off of 9%) over a gross 312 metre interval in the Patchawarra Formation target. This result is on the high side of pre-drill estimates.

Potential gas pay was also calculated in both the secondary Toolachee target and the Triassic age Nappamerri Group, with oil shows also observed in the Jurassic age Westbourne and Birkhead formations with good sand development. In addition to recovering gas from the Patchawarra Formation via MDT sampling, gas was also recovered from the Nappamerri Formation, adding weight to the potential indicated by good gas shows through this interval.

The Vali-1 location is mapped at the edge of, or just outside of structural closure for these reservoirs, indicating significant gas and oil potential as mapped up-dip of the Vali-1 location at these levels. There are also numerous Jurassic structures mapped within the permit which will now be high-graded due to the strong indications of oil migration into the Jurassic level evident in this well.

Metgasco was free carried on Vali-1 ST1 pursuant to farm-out agreements with Vintage Energy and Bridgeport Energy, through to casing and suspension operations on the well. The estimated final Vali-1 ST1 gross well cost, despite certain operational delays, was slightly less than the agreed farm-in cost cap of $5.3 million.

The Vali-1 ST1 well was cased and suspended and the rig released on Friday 17 January. The JV has immediately commenced work on reviewing the formation evaluation information to determine contingent resource estimates as well as planning the completion, well testing and potential stimulation requirements to demonstrate production commerciality.

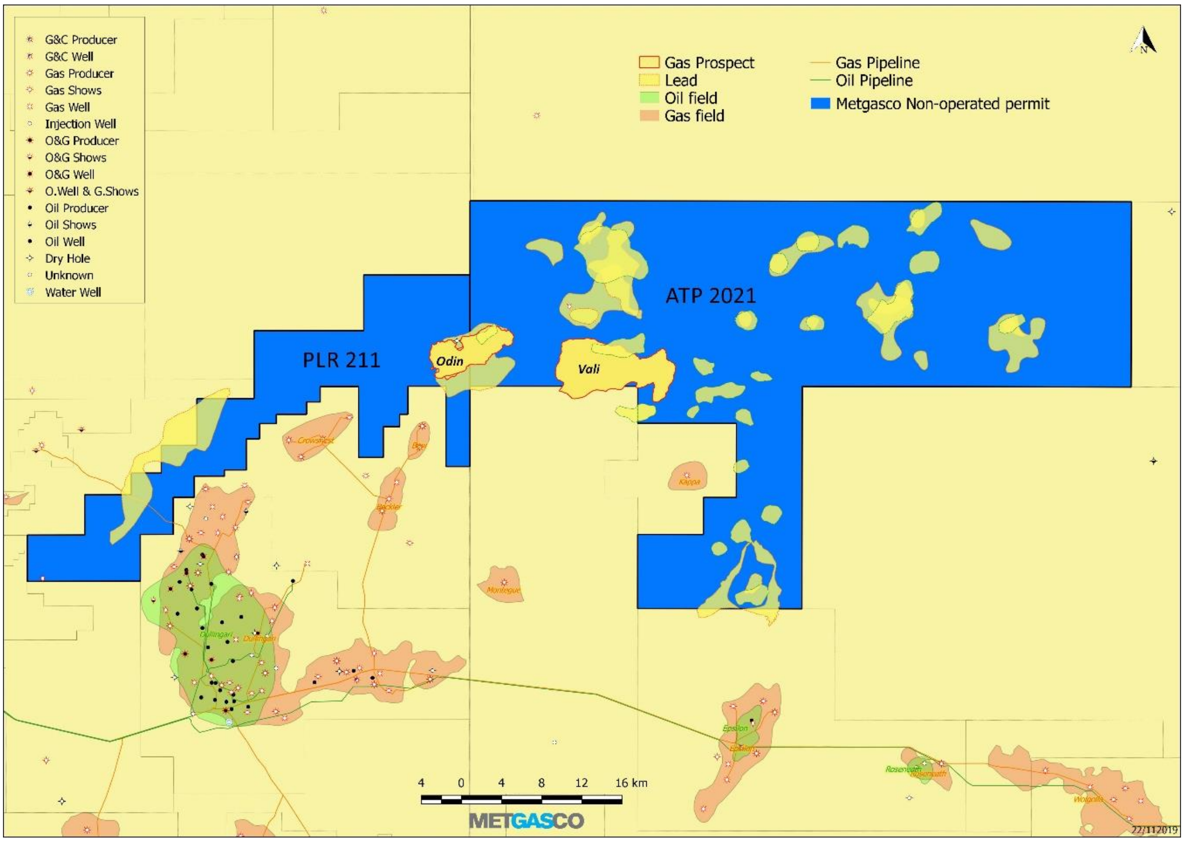
ATP2021: JV Farm-in to PRL 211 in Cooper/Eromanga Basin

On 22 November 2019 a term sheet was executed with a 90 day exclusivity period to negotiate a binding farm-in agreement with a subsidiary of Senex for PRL 211 on the South Australian side of the Cooper/Eromanga basins.

Under the joint venture, Vintage would become the operator with 42.5%, Metgasco with 21.25%, Bridgeport with 21.25% and Senex with 15%, with Senex to be free carried through the drilling of the first well.

PRL 211 is a 98.49 km^2 retention licence that is close to infrastructure and has an initial five-year term expiring in October 2022, with an option to renew the permit for a further five years. The licence is located (see Figure 2) in the South Australian side of the Cooper/Eromanga Basin and is immediately adjacent to ATP2021. Senex is currently the operator and 100% interest holder of PRL 211.

Figure 2 – PRL 211 and ATP2021



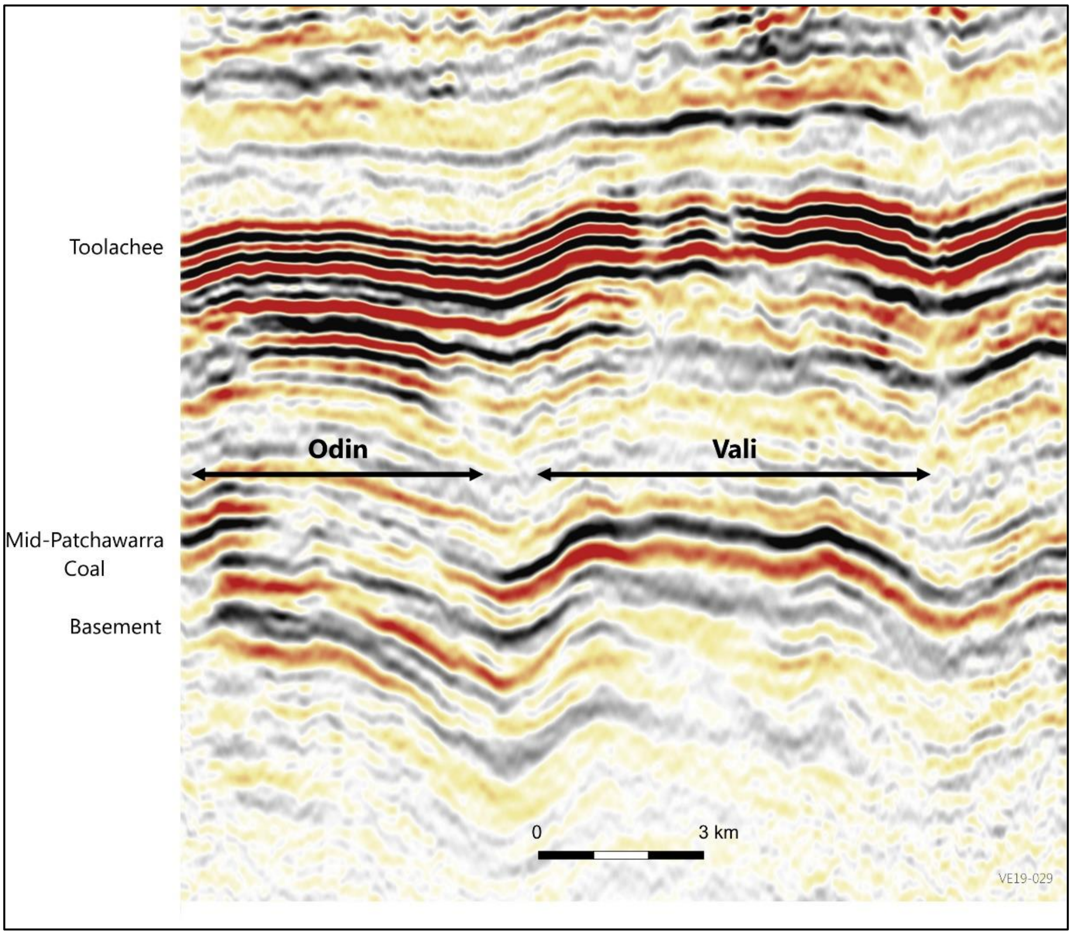
Under the terms of the farm-in, the ATP2021 Joint Venture participants will drill a well in the Odin structure (with Metgasco paying 25% of the estimated cost of the well, approximately $1.0 million net) for a 21.25% equity interest in PRL 211. All further work, including the potential to complete and flow test the Odin well will revert to equity share. The well will be located in PRL 211 with the drilling targeted to take place in late Q2 CY20.

The farm-in is subject to a number of conditions, which are to be satisfied by 31 January 2020 (or such later date as the parties may agree), including:

- Ministerial approvals;
- Confirmation that PRL 211 will remain part of Senex's PRL scheme group;
- The farm-in parties demonstrating that between them there are sufficient funds available to drill the well; and
- Negotiation and execution of formal farm-in and joint venture documents.

The main target in PRL 211 is the Odin structure, which is fully covered by recent 3D seismic and has gas potential in the Patchawarra and Toolachee formations (see Figure 3 below). The prospect straddles the border between PRL 211 and ATP2021 and is similar to the Vali prospect, drilled by the ATP2021 Joint Venture as detailed above.

Figure 3 **-** Seismic Line across Odin and Vali Prospects



Odin is a Permian four-way dip closure situated on a structural nose that plunges north-eastwards into the Nappamerri Trough near the producing reservoirs at the Bow, Beckler and Dullingari gas fields.

Seismic mapping indicates that the Toolachee formation has approximately eight metres of structural relief over nearly 5.2 sq km, and a chance of success ("COS") of 35% with a high chance of development. The Patchawarra Formation has 15 metres of structural relief over nearly 2.5 sq km, a COS of 26% and a high chance of development. Stratigraphically trapped gas outside of mapped anticlinal closure is a possibility.

Vintage on behalf of the JV has reviewed the Odin prospect and gross and net resources are shown in Table 3 below.

Table 3 - Odin gross and net prospective resources

Odin Prospect Prospective Resources[1]	1U Low Estimate	2U Best Estimate	3U High Estimate
Toolachee Bcf	1.2	4.1	13.5
Patchawarra Bcf	2.4	8.5	29.1
Total Gross Recoverable Gas (Raw) Bcf	**3.6**	**12.6**	**42.6**
Net To Metgasco (Raw) Bcf	**0.8**	**2.8**	**9.5**

1. Volumetric estimates as calculated by operator Vintage. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates are un-risked and have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of potentially significant moveable hydrocarbons. These prospective resource estimates are probabilistic in nature and are recoverable raw gas attributable to JV gross (100%) and Metgasco net interest (25%) in the Odin prospect as of 14 October 2019. The resources have been classified and estimated in accordance with the Petroleum Resource Management System (PRMS). Metgasco is not aware of any new data or information that materially affects the estimate above and that all material assumptions and technical parameters continue to apply and have not materially changed. The JV intends to drill the Odin prospect in Q2 CY 2020, following seismic reprocessing and mapping in December 2019 to confirm the optimal well location. This reprocessing work is not expected to substantially change the volumetrics.

ATP2020

The seismic re-processing work was completed last year, and the seismic quality has improved the definition of the Loki lead. Additional work to support hydrocarbon migration pathways into the structure is in progress. Sub-surface work to determine prospective resources for the Loki structure will be carried out Q1 CY2020 prior to initiating new farm-out discussions in relation to ATP2020.

Metgasco's ATP2020 licence allows near term exploration commitments to be deferred to future years.

A decision will be made in the first half of 2020 on whether to continue holding the licence based on further technical work on the licence and success on securing a farminee.

PRL237

The JV has agreed to defer any exploration activities to the 2nd half of FY 2021

Byron Energy Limited: SM74, Shareholding and Proposed In-Specie Distribution

SM74 Well

Following from the July 2019 plug and abandonment of the Gulf of Mexico Byron operated SM74 well, Metgasco finalised its exposure to the SM74 drilling program costs by reaching an agreement with Byron by which Metgasco paid Byron AUD $1.75 million on 30 September 2019 to settle its exposure to additional costs, and by which Metgasco agreed to exercise the 10 million options it held over BYE shares.

Metgasco remains a 30% owner of the SM74 Licence having met its farm-in drilling commitment.

BYE Shareholding

Metgasco agreed with Byron to exercise the 10 million options it held over BYE shares and the exercise was completed in July 2019, in accordance with the option terms, at a strike price of $0.25. Following the exercise of these options, Metgasco owned 50,333,383 BYE shares, representing 7.14% of Byron's issued capital.

Subsequently, on 18 September 2019, Metgasco disposed of 8 million ordinary shares in Byron, realising approximately $2.72m. These funds were applied to discharge of the residual $1.75 debt to Byron, representing the agreed capped exposure to well costs, and to general working capital purposes.

On 18 December 2019, the Board elected to take up $300,000.24 (1,111,112 shares) in Byron's 1 for 17 shareholder entitlement offer. Metgasco's investment in Byron totalled 43,444,495 shares with a market value of approximately $13m at the year end and representing 5.4% of Byron's issued capital. The entitlement election has been value-accretive to Metgasco shareholders.

Subsequent to Quarter end Metgasco sold 451,997 Byron shares to realise $134k for working capital purposes. Metgasco intends to regularly sell Byron shares to meet cash flow requirements throughout CY2020

In-Specie Distribution of Byron Shares to Metgasco Shareholders

Metgasco's Board has been considering options to unlock the value of the Company's BYE investment for the benefit of its shareholders as announced on 1 October, 28 October, 22 November and 20 December 2019. After considering the increased exploration commitments resulting from the PRL211 farm-in agreement, the planned in-specie distribution to shareholders has been confirmed in a reduced quantum of 20 million shares. The still material 20 million shares will provide Metgasco's shareholders with an attractive direct exposure to Byron's Gulf of Mexico portfolio, which has generated strong financial returns to Metgasco and which the Board believes has significant upside. At the present BYE price (28c), the distribution has an approximate value of 1.4c per MEL share. Following the proposed distribution, Metgasco will still retain a material number of Byron shares.

On the resolution being approved, at a shareholder meeting expected to be held in late Q1 CY2020, and the distribution proceeding, Metgasco shareholders will receive approximately one (1) BYE share for every nineteen MEL shares held at the record date (to be advised).

Corporate Activities: Melbana, AGM, CEO Terms of Employment and Board Activity

Melbana Take- Over Offer

In relation to the unsolicited take-over offer from Melbana received on 15 July 2019, announced on that same date, Metgasco's Board position remained unchanged throughout the Quarter, and remains so. It's the Directors view that the Melbana offer materially undervalues the Company's shares and the **Board recommends shareholders take no action.**

Key dates are detailed in the table below:

Announcement of Melbana's intention to make the Offer	15 July 2019
Bidder's Statement lodged and released	On or around 10 September 2019
Offer Period opens	On or around 24 September 2019
Date of 1st Supplementary Bidder's Statement	3 October 2019
Target's Statement lodged and released	8 October 2019
Melbana's Extraordinary General Meeting held	14 October 2019
Announcement of Extension of Offer Period	15 October 2019
Date of 2nd Supplementary Bidder's Statement	16 October 2019
Date of Supplementary Target's Statement	23 October 2019
Final day for Melbana to Waive conditions under the offer	24 October 2019
Second Announcement of Extension of Offer Period	24 October 2019
Date of 3rd Supplementary Bidder's Statement	5 November 2019
Date of 2nd Supplementary Target's Statement	6 November 2019
Date of 4th Supplementary Bidder's Statement	23 December 2019

Bid declared unconditional	23 January 2020
Offer Period closes	31 January 2020. Melbana has previously advised Offer Period closes of 15 January 2020, 13 December 2019, 15 November 2019, 1 November 2019 and 24 October 2019. It is possible Melbana may yet further extend the Offer Period close date.
Melbana Energy Shares issued and allotted to Metgasco shareholders (in the event the bid is successful)	No later than 21 days after the Offer Period closes (assuming all conditions of the Offer are satisfied or waived)

Annual General Meeting

The Company's Annual General Meeting was held on 28 November. All resolutions were passed, and the results were set out on a report released on the same date, including a summary of the poll voting results and votes by proxies on each resolution considered.

Item 3, Adoption of the Remuneration Report, which is an advisory resolution, received 43.28% of votes cast against the resolution and therefore constitutes a 'first strike' for the purposes of the *Corporations Act 2001 (Cth)*.

CEO Terms of Employment Change and Board Activity

During the annual review process, the Board noted the substantial increase in the Company's recent activities and it has been agreed that its Chief Executive Officer's (CEO) time commitment to Metgasco be increased to 1.0 Full Time Equivalent (FTE), up from 0.8 FTE. The CEO's overall remuneration (on an annualised FTE basis) remained unchanged at $300,000 per annum plus superannuation. All other employment terms as previously announced remained unchanged.

The Metgasco Board held 22 meetings during the Quarter. This volume of meetings is unusually high and reflects the high level of corporate activity related to farm in/out deals and the Melbana take-over offer.

Business Development Opportunities

During the quarter Metgasco reviewed a new business development opportunity and will continue to review value adding opportunities which fit our strategy.

Cash position

The Company ended the Quarter with a cash balance of A$437K and with no debt.

The following is a reconciliation of the Company's cash position from 1 October 2019 to 31 December 2019:

	$A'000
Cash at 30 September 2019	**1,276**
Net interest and investment income	3
Sale of investments	(261)
Exploration and evaluation expenditure	(117)
Overhead and administrative	(464)
Cash at 31 December 2019	**437**

Shareholders should note that the Company's shareholding in Byron (approx. $13 million as at 31 December 2019), is not included in the Company's cash position disclosure above.

Metgasco's planned commitments until the end of CY 2020 are estimated to be net $0.375 mill for completion/testing and stimulation in ATP2021 and approximately $1mill net for the Odin Well on executing the farm-in agreement. Note that ATP2020 costs will be minimal and can be deferred if a farm-out partner is not secured. Metgasco's Perth Basin Cervantes drilling commitment funding, following the successful farm-out to Vintage, has reduced capital exposure to 50% of the anticipated well cost (circa $3.5 mill net on high side well cost estimates). Our current assets of cash and $6.44 mill worth of Byron shares at 28 cents (factoring the planned in-specie distribution) totalling $6.87mill are sufficient, in the view of the Metgasco Board, to support the Company's CY2020 planned business needs and fully funding the Odin and Cervantes exploration wells.

Shareholder base

At 31 December 2019, Metgasco had 390,601,434 shares on issue and 2,132 shareholders. Its top 20 holders held 227,031,736 shares or 58.12% of the Company's issued capital.

Certified Resources

The Company announced prospective resources in the Cooper/Eromanga Basin on 26 November 2018. On 1 October 2019, the ATP2021 JV increased the prospective resources attributed to the Vali prospect. Prospective Resources relating to the farm-in on L14 were announced on 10 September 2019

Outlook - work program for next quarter

The Company looks forward to defining a significant work program to further appraise and develop the Vali discovery in ATP2021 and explore this highly prospective region. The joint venture will continue the evaluation of the data from the well and is considering the next steps to define the size and commercial potential of this exciting discovery. After finalisation and joint venture review of wireline log and resource analyses, the results will be released to the market.

Drilling planning for the Cervantes Prospect is underway and government environmental approval applications are imminent. Discussions to identify and share a drilling rig with other Perth Basin operators are also underway.

Metgasco will continue to recommend that Melbana's Offer, in its current form, should be rejected by shareholders.

The Company will also continue work to expeditiously advance the planned distribution to its shareholders of 20 million shares in Byron Energy

Metgasco will continue to make prudent and appropriately sized investments in energy exploration assets, where these represent a compelling risk/return proposition and are in accordance with our 2018 corporate strategy. The Metgasco team will continue to review potential value-adding corporate and asset opportunities in accordance with that strategy.

ENDS

For further information contact:
Philip Amery - +61 (0) 402 091180
Chairman

info@metgasco.com.au

Ken Aitken – +61 (0) 2 9923 9100
CEO
info@metgasco.com.au

Metgasco Ltd ACN 088 196 383
Level 12, 680 George Street, Sydney NSW 2000
Web: www.metgasco.com.au
Tel:+61 2 9923 9100 Fax: +61 2 9923 9199

Forward Looking Statements:

This document may contain forward-looking information.

Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording.

Forward-looking information in this document includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of potentially recoverable resources, and information on future production and project startups.

By their very nature, the forward-looking statements contained in this document require Metgasco and its management to make assumptions that may not materialise or that may not be accurate. Although Metgasco believes its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

Tenement Listing

Tenement Reference	Location	Nature of Interest	Interest at 30 September 2019	Interest at 31 December 2019
Byron Energy Limited				
SM74	USA, GoM	30% working interest and 24.37% net revenue interest	30%	30%
Bivouac Peak Private Landowner Leases	USA, GoM	10% working interest and 7.5% net revenue interest	10% direct interest.	0% -due to relinquishment of private leases.
Cooper/Eromanga				
ATP2020	QLD	100% owner & Operator of Licence	100%	100%
ATP2021	QLD	25% working interest in Licence	25%	25%* *Subject to Govt licence transfer approval to Bridgeport
PRL211	SA	Farm in. Pay 25% of well for 21.25% of licence interest.	-	21.25%* subject to agreement and government licence transfers.
PRL237	SA	20% Working Interest in Licence	20%	20%
Perth Basin				
Cervantes Prospect in Western Flank area in L14 Production Licence	WA	60% interest in structural Hydrocarbons discovered	Option right to 60% interest by paying 100% of well cost via exercising well option by 15th November 2019	30%* *Farm Out to Vintage 15 November
2nd Exploration Prospect in L14 Production Licence	WA	60% interest in structural Hydrocarbons discovered	Option right to 60% interest by paying 100% of well cost via exercising well option from 1st April to 31st December 2020	Option right to 60% interest by paying 100% of well cost via exercising well option from 1st April to 31st December 2020- Vintage have the first option to participate in the well