

## ASX / MEDIA RELEASE

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### Corporate and Operational Update

- Plans are on schedule to stimulate and test Vali-1 ST1 early/mid Q3 2020
- Potential for Vali -1 first commercial gas by Q1 2021
- Ownership of circa 40 million Byron shares remains a significant asset: ~ \$A6.0 million
- Cervantes project remains economically robust at an oil price of \$US30/bbl
- Cervantes drilling timing is subject to environmental approval and suitable rig availability
- Meeting of shareholders has been called for Tuesday 23rd June at 10am AWST

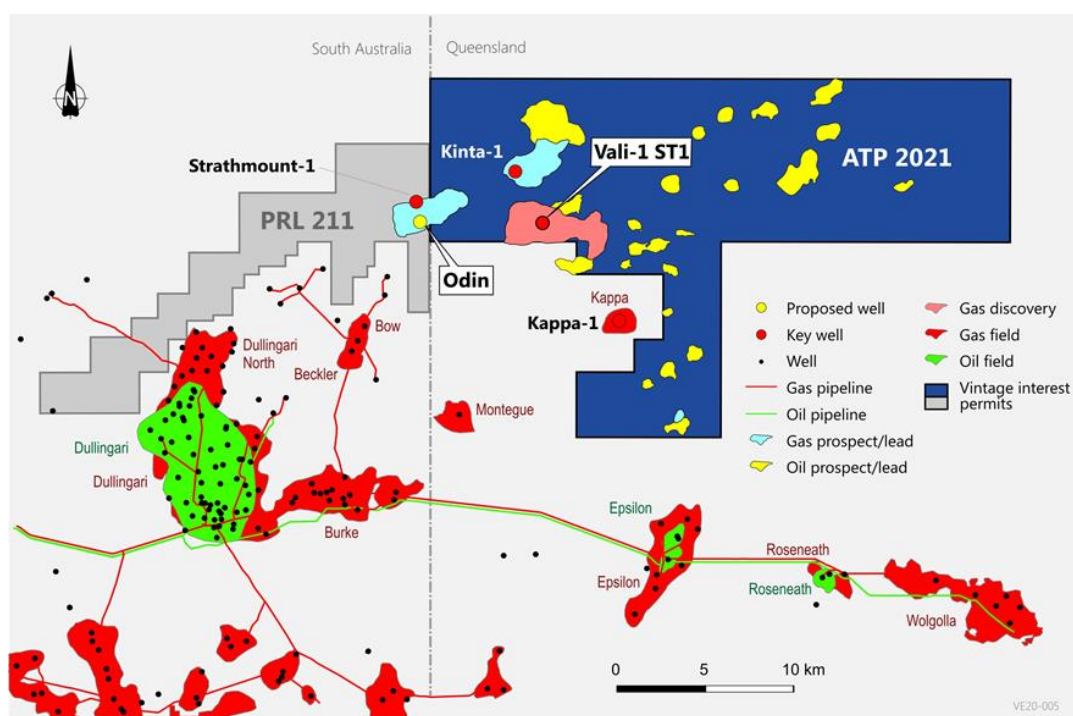
Metgasco Ltd (ASX: MEL) ("Metgasco" or the "Company") is pleased to provide the following Corporate and Operational update to shareholders:

#### Cooper/Eromanga Basin Permit - ATP021 – Vali-1 STI:

The Vali-1 ST1 exploration prospect was cased and suspended as a gas discovery in January 2020 with over 80m of net gas pay (porosity cut-off of 6%) over a gross 312 metre interval in the Patchawarra Formation target. In early March 2020 (refer ASX release 3rd March 2020) an independent expert determined that the Vali structure contained Gross 2C Contingent Resource of 37.7 Bcf (9.4 Bcf net working interest).

The joint venture's plans are on track to stimulate and flow test the Patchawarra reservoir in early Q3 CY2020 to gain further information on volumes and flow rates. Following successful test results the JV plans to rapidly commercialise the discovery, via nearby gas production facilities, with first commercial gas anticipated within 12 months.

The Odin exploration well is a similar gas exploration target to Vali and is tentatively planned for Q4 CY2020, subject to government approvals and rig availability.



Source: Vintage Energy, Metgasco

## **Byron Energy Equity Holding and balance sheet:**

Metgasco's circa 40 million shares in Byron Energy (ASX:BYE) remain a significant asset of the company. The recent increase in Byron's share price is clearly directly related to the WTI oil price increasing and reflects the substantial prospectivity inherent in Byron's shallow-water Gulf of Mexico portfolio. Every 1 cent increase in BYE's share price this adds around \$400k of value to Metgasco's balance sheet.

While Metgasco intends to sell Byron shares occasionally as part of its normal capital management process, it views this asset as strategic in nature and furthermore remains committed to its previously stated intention to undertake a distribution of 20 million of BYE shares to its shareholders, when this will be prudent and responsible.

Metgasco is evaluating options to strengthen its balance sheet and, during the current period of significantly heightened economic uncertainty, has taken additional measures, beyond those already announced, to conserve cash in the business. Although the Company is adequately funded for near term activities without the need to further dispose of investment assets, the Vali-1 commercialisation program and development of the Company's wider portfolio will require additional funding. CEO Ken Aitken has agreed to defer a further 25% of his salary, and independent directors Mr. Philip Amery and Dr. Robbert Willink have volunteered to waive their already halved board fees, to July 2020, when outcomes at Vali-1 are likely to be known.

## **Perth Basin - L14: Cervantes Exploration Well:**

Metgasco has revisited the risk economics of drilling the Cervantes oil exploration well due to the recent significant reduction in crude prices due to the COVID-19 Pandemic. The Cervantes project is considered economically robust to drill at the current oil price of \$US30/bbl . This is due to three factors:

- The significant size of the prospective oil resource mapped (refer 10 Sept 2019 ASX release) due to the ability to test three Permian reservoirs via one relatively shallow (circa 2700 m) deviated well;
- Proximity to nearby facilities (3km from an oil processing plant), reducing development costs; and
- The farm-in agreement having included a pre-negotiated oil sales formula with customer and operating/trucking costs.

The drilling surface location is inside the WA Beekeeper reserve, therefore the Cervantes JV decided to refer the environmental plans to the EPA for approval with feedback anticipated in May.

The Cervantes well planning team have identified several drilling rigs which may become available in the Perth Basin to drill the Cervantes well and the technical team is investigating whether collaboration with other Perth Basin operators is possible and how/if that may introduce cost savings and drive rig selection. The environmental approval and/or the rig availability process may have the effect of delaying drilling from previously indicated timeframes. The anticipated timing of the Cervantes well will be communicated when there is clarity on environmental approvals and drilling rig availability.

## **Shareholder Meeting:**

Metgasco received a notice from Melbana Energy Ltd (ASX :MAY) ("Melbana" ) under section 249D of the corporations act on Thursday 23rd April calling for a meeting of shareholders in order to remove certain directors of Metgasco and place certain nominees of Melbana on the Metgasco board. (refer Metgasco ASX release of 29th April 2020). Metgasco will be holding a shareholder meeting on Tuesday 23rd June at 10am AWST, as a virtual meeting under current ASX/ASIC guidance and best practice. A notice of meeting will be circulated to shareholders later this month. Metgasco considers the notice, and its attendant costs, coming so shortly after an unambiguous rejection of a takeover offer for the Company by Melbana, to be meritless and vexatious.

This ASX announcement was approved and authorised for release by the Board.

### **For further information contact:**

Philip Amery  
Chairman  
+ 61 402 091 180  
[philip.amery@metgasco.com.au](mailto:philip.amery@metgasco.com.au)  
[www.metgasco.com.au](http://www.metgasco.com.au)

Ken Aitken  
CEO  
+61 8 6245 0062  
[ken.aitken@metgasco.com.au](mailto:ken.aitken@metgasco.com.au)

**Metgasco Ltd** ACN 088 196 383

Level 2, 30 Richardson Street, West Perth, WA 6005  
Tel: +61 8 6245 0060  
[info@metgasco.com.au](mailto:info@metgasco.com.au)