

Vali operational update

- **Rig contracted for well completions**
- **Frac operations ongoing after rainfall interruption**
- **Delays for capital equipment have been advised due to rolling global supply chain issues**
- **Timing of first gas rescheduled and now anticipated late September - October 2022**
- **Invoicing of final \$5 million pre-payment to joint venture to proceed**

Vintage Energy Ltd (ASX: VEN, “Vintage”), 50% interest holder and Operator of ATP 2021 (other interest holders: Metgasco Ltd, 25%; and Bridgeport (Cooper Basin) Pty Ltd, 25%,) provides the following operations update on the Vali gas project.

Summary

The Vali gas project has continued to advance through operations on site, the contracting of a rig for well completions and the sourcing of capital items required for construction, including pipe and plant materials.

However, the delivery dates advised for a range of plant and other items required for construction have been delayed due to global supply chain issues arising from Covid-19. As a result, construction is not anticipated to be complete until September and first gas is now anticipated in late September-October 2022, based on current delivery advice.

Accordingly, Vintage still expects to commence cash generation from gas supply in the first half of FY23.

The delay in the commencement of first gas whilst disappointing, represents a minor deferral in the commencement of revenue from a 100 PJ gas field expected to produce over many years, initially through a contract with AGL to end 2026.

Background

Operations are underway to bring the Vali gas field into production to supply AGL under the Gas Sales Agreement (“GSA”) announced 23 March 2022. Gas produced from the field is to be transported and processed by the South Australian Cooper Basin (“SACB”) joint venture at its Moomba facility prior to sale.

Operations to be completed for the commencement of production include the fracture stimulation campaign announced 4 April 2022, a well completion campaign and a pipeline and facilities construction phase.

Fracture stimulation campaign

The fracture stimulation campaign is addressing the gas-bearing Patchawarra Formation across multiple zones in the Vali-2 and Vali-3 wells. Fracture stimulation of Vali-1 ST1 was completed previously. As announced on 4 April 2022, the campaign had an expected duration of approximately 42 days.

Progress of the campaign was delayed as heavy rainfall in late April and May necessitated repeated suspension of operations and prevented site access and road movement in the Vali region.

The delay to the completion of the frac campaign is not expected to affect the timeline for the delivery of first gas from Vali. In the absence of further interruptions, it is expected the frac campaign, inclusive of flow-back, will be completed in approximately 3 weeks.

Well completion campaign

Vintage has contracted with Savanna Energy Services for Rig 68 to perform the well completion campaign following expiry of the rig's current contract on 30 June 2022.

The campaign, which comprises completion of the Vali-1 ST1, Vali-2, Vali-3 and Odin-1 (located in PRL 211) wells, has an expected duration of 4 – 6 weeks and is expected to commence in early July. The execution of the rig contract enables the invoicing of the third, and final, \$5 million pre-payment by AGL to the joint venture.

Pipeline and facilities construction phase

The construction phase comprises installation of gas gathering, separation, metering and cooling infrastructure at Vali and the installation of dual 13 km pipes to connect the Vali field to the Moomba gas gathering system.

Some materials and equipment have already been delivered to Vintage and its fabrication contractors. Delivery of pipe on-site is expected at the end of June, later than anticipated due to the extended shipping times brought by diminished shipping availability.

More significant delays have been advised for infrastructure equipment and materials such as cooling towers, pressure transmitters, remote telemetry units and supervisory control and data acquisition equipment. The most recent advice is that delivery of these items to the construction site is now anticipated to be largely accomplished between July and September with the final of three cooling towers now not due until October.

Vintage notes this is the most recent in a series of schedule amendments attributed to supply chain difficulties being experienced across industrial sectors globally.

Lead times have expanded, driven largely by Covid-related disruption of the supply chain. Manufacturers and suppliers have experienced delays in obtaining raw materials. The impact of this has been exacerbated by staff shortages associated with Covid isolations at our direct vendors and their suppliers, and difficulties in skilled staff retention arising from greater workforce mobility.

Vintage is engaging proactively with all suppliers to optimise delivery times and the construction schedule in the context of global supply chain difficulties. Vintage is fully funded through to first cash flow from Vali.

Commissioning and first gas

Based on the foregoing, construction is projected to conclude, and gas supply is likely to commence, between late September to mid October 2022, with all wells on-line in October 2022. Gas produced in the commissioning phase will be supplied to AGL under the GSA.

This release has been authorised on behalf of the Vintage Board by Mr. Neil Gibbins, Managing Director.

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