

ASX / MEDIA RELEASE

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31 January 2023

QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 31 December 2022



Delivering a New Gas Source to the Undersupplied East Coast Energy Market

Metgasco MD Ken Aitken: *“Metgasco will imminently achieve the major milestone of becoming a gas producer from the Vali field in the Cooper Eromanga basin. This will deliver Metgasco’s inaugural company revenue approximately three years after drilling the Vali discovery well. Eastern Australia requires multiple new sources of gas to help alleviate the forecast supply/demand imbalance and this accelerated the JV decision in the December quarter to fast track the development of uncontracted gas from the Odin-1 discovery via the Vali pipeline infrastructure. The JV is targeting that the Odin gas discovery is brought online via the production hub in Q3 of CY2023 further boosting revenue for Metgasco.*”

Key activities for the quarter ended 31 December 2022 (“**Quarter**”) comprised:

Vali (ATP2021):

- Site works for pipeline and facilities installation continued throughout the December quarter with flowlines and export pipelines installed and successfully pressure tested.
- Installation of separation and metering facilities was initiated during the quarter.
- Project installation progress was slower than planned due to the ongoing effect of inclement weather, extreme heat, skilled trade shortages on fabrication timelines and tight contractor crew availability.
- **It is anticipated that handover for gas production commissioning of the first well to be brought onstream, will occur in early February with a phased start-up of Vali-3 and Vali-2 during the March quarter.**

Odin (PRL211):

- Concept engineering studies to evaluate options for connection of Odin-1 to the Vali-Beckler pipeline were completed during the quarter.
- The PRL 211 joint venture resolved to accelerate connection and sales from the field via a two-stage connection program:
 - Stage 1 - connection to be fast tracked to enable Q3 CY2023 gas sales
 - Stage 2 long-term connection option comprises connection of the Odin gas field to facilities at the Vali gas field for dewatering, metering and transport to the Beckler tie-in point.
- Site works on stage 1 connection commenced with pipeline installation anticipated early in CY23.

The Quarter's activities are detailed below:

Cooper/Eromanga Basin Exploration Licence - ATP2021:

ATP 2021(Metgasco 25%, Vintage 50% and operatorship, Bridgeport (Cooper Basin) Pty Ltd 25%)

ATP2021 is located in Queensland adjoining the Queensland- South Australia border (see Figure 1 below). ATP2021 contains the Vali gas field, discovered by Vali-1 ST1 in January 2020 and successfully appraised by Vali-2 and Vali-3 in the June and September quarters of CY2021. The Vali field has three cased and completed wells, and are being connected to the Moomba gas gathering network for supply to the eastern Australia domestic energy market.

The ATP 2021 joint venture has contracted to supply an estimated 9 PJ to 16 PJ of gas from the Vali gas field to AGL. The joint venture is preparing the field to commence supply, completing pipeline and facilities construction prior to commissioning.

ATP 2021 is believed to contain the eastern portion of the Odin gas field, discovered by Odin-1 in the nearby South Australian licence PRL 211. Further discussion on PRL 211 (which has an identical joint venture composition to ATP 2021) and Odin follow.

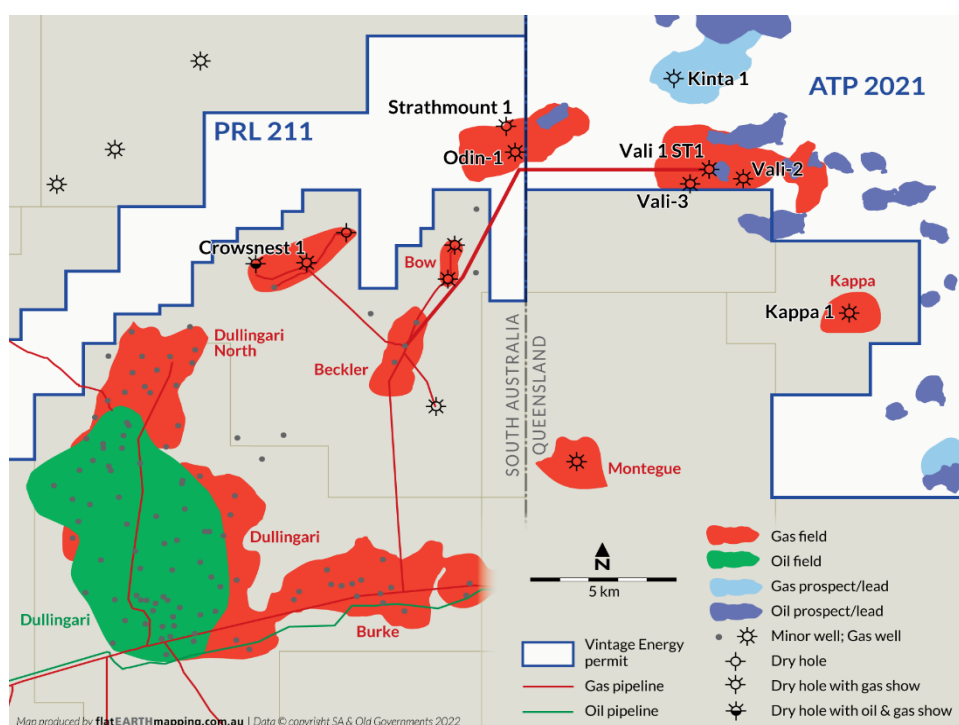


Figure 1: Cooper Basin permits PRL 211 and ATP 2021 including well locations Odin-1, Vali-1 ST1, Vali-2 and Vali-3. Source: Vintage

The 2P reserve of the Vali gas field is 101.0 PJ (25.2PJ net to MEL) independently certified and booked by Metgasco (previously Gross 2P of 33.2PJ (8.3PJ net to MEL)). The following tables detail the combined reserves estimates.

Table 1&2 – Vali Field Gross and Net Reserves:

Gross ATP 2021 Vali Gas Field Reserves			
	1P	2P	3P
Sales Gas (Bscf)	43.3	92.0	191.2
Sales Gas (PJ)	47.5	101.0	209.8

Net Entitlement ATP 2021 Vali Gas Field Reserves			
	1P	2P	3P
Sales Gas (Bscf)	10.8	23.0	47.8
Sales Gas (PJ)	11.9	25.2	52.4

Notes:

1. Reserves estimates reported here are ERCE estimates, effective 31 October 2021, first announced to the ASX 1 November 2021
2. Metgasco is not aware of any new data or information that materially affects the Reserves above and considers that all material assumptions and technical parameters continue to apply and have not materially changed.
3. Reserves estimates have been made and classified in accordance with the Society of Petroleum Engineers ("SPE") Petroleum Resources Management System ("PRMS") 2018.
4. Company Net Entitlement Reserves are based on the Metgasco working interest share of 25% of the field gross Reserves and are prior to the deduction of royalties.
5. Sales Gas volumes are net of fuel and flare volumes.
6. All quantities subject to rounding to one decimal place for clarity purpose.

Activity

Activity during the quarter was focussed on the pipeline and facilities construction phase of the Vali gas project, which entails installation of gas gathering, separation, metering and cooling infrastructure at Vali and the installation of dual 13.7-kilometre pipes to connect the field to the Moomba gas gathering system at Beckler, South Australia.

Workflow during the quarter was disrupted by weather events during November and December. However, by quarters-end:

- flowlines and export pipelines were completed and had been successfully pressure tested.
- mechanical installation was underway with lease foundations in place at Vali-1 and Vali-3. Skids and pipework were on site and largely assembled.
- metering facility foundations were near completion, risers in place and metering equipment moved into place for installation on return from the Christmas New Year break.

Work resumed in January 2023, albeit affected by further rainfall and extreme heat restrictions. The construction contractor has advised mechanical handover can be expected in early February, at which point commissioning can commence.



Vali-1 lease skids, with outlet skid in the foreground



Separator installed at the Vali metering lease

Cooper/Eromanga Basin Exploration Licence - PRL211:

PRL 211 (Metgasco 25%, Vintage 50% and operatorship, Bridgeport (Cooper Basin) Pty Ltd 25%)

PRL 211 lies in the South Australian Cooper Basin, with the licence’s eastern boundary adjacent to the ATP 2021 western boundary (see Figure 1). The licence is in close proximity to the South Australian Cooper Basin’s Joint Venture’s gas production infrastructure at Beckler, Bow and Dullingari fields. The Odin Gas Field, discovered by the PRL 211 Joint Venture in 2021, is located in both PRL 211 and ATP 2021 on the southern flank of the Nappamerri Trough in the Cooper Basin.

The Toolachee and Epsilon formations were successfully flow-tested at Odin-1 in the final quarter of CY 2021, with a stable rate of 6.5 million standard cubic feet per day recorded at a flowing wellhead pressure of 1,823 psi through a 28/64” fixed choke. At the end of the flow period, a multi-rate memory production log was acquired, which confirmed gas flow was being contributed from each of the perforated Epsilon and Toolachee formations.

Contingent resources (2C) attributable to Odin, including joint venture and Metgasco shares and allocation between PRL211 and ATP2021 were reported as follows in Table 3&4 below;

Table 3&4 - Odin gross and net(25% equity) Contingent Resources :

Gross Odin Gas Field Contingent Resources (PJ)			
P	1C	2C	3C
Total	20.2	39.7	78.2

Net Odin Gas Field Contingent Resources (PJ)			
	1C	2C	3C
PRL 211	2.85	5.55	10.95
ATP 2021	2.00	4.00	7.80
Total	4.85	9.55	18.75

Notes on Odin Contingent Resource assessment:

1. Gross Contingent Resources represent 100% total of estimated recoverable volumes within PRL 211 and ATP 2021.
2. Working interest Contingent Resources represent Metgasco’s share of the gross Contingent Resources based on its working interest in PRL 211, which is 25%, and ATP 2021, which is 25%.
3. These are unrisks Contingent Resources that have not been risked for Chance of Development and are sub-classified as Development Unclassified.
4. Contingent Resources volumes shown have had shrinkage applied to account for inerts removal and include hydrocarbon gas only.
5. No allowance for fuel and flare volumes has been made.
6. Resources estimates have been made and classified in accordance with the Petroleum Resources Management System 2018 (“PRMS”).
7. Probabilistic methods have been used for individual sands and totals for each reservoir interval have been summed deterministically.
8. A conversion factor of 1.09 is applied to convert from billion standard cubic feet (Bscf) to petajoules (PJ).
9. Contingent Resources certified by ERCE are as at 14 September 2021 and updated on 29 March 2022 to reflect 25% net Metgasco ownership
10. Contingent Resources were first disclosed in a release to the ASX on 16 September 2021.

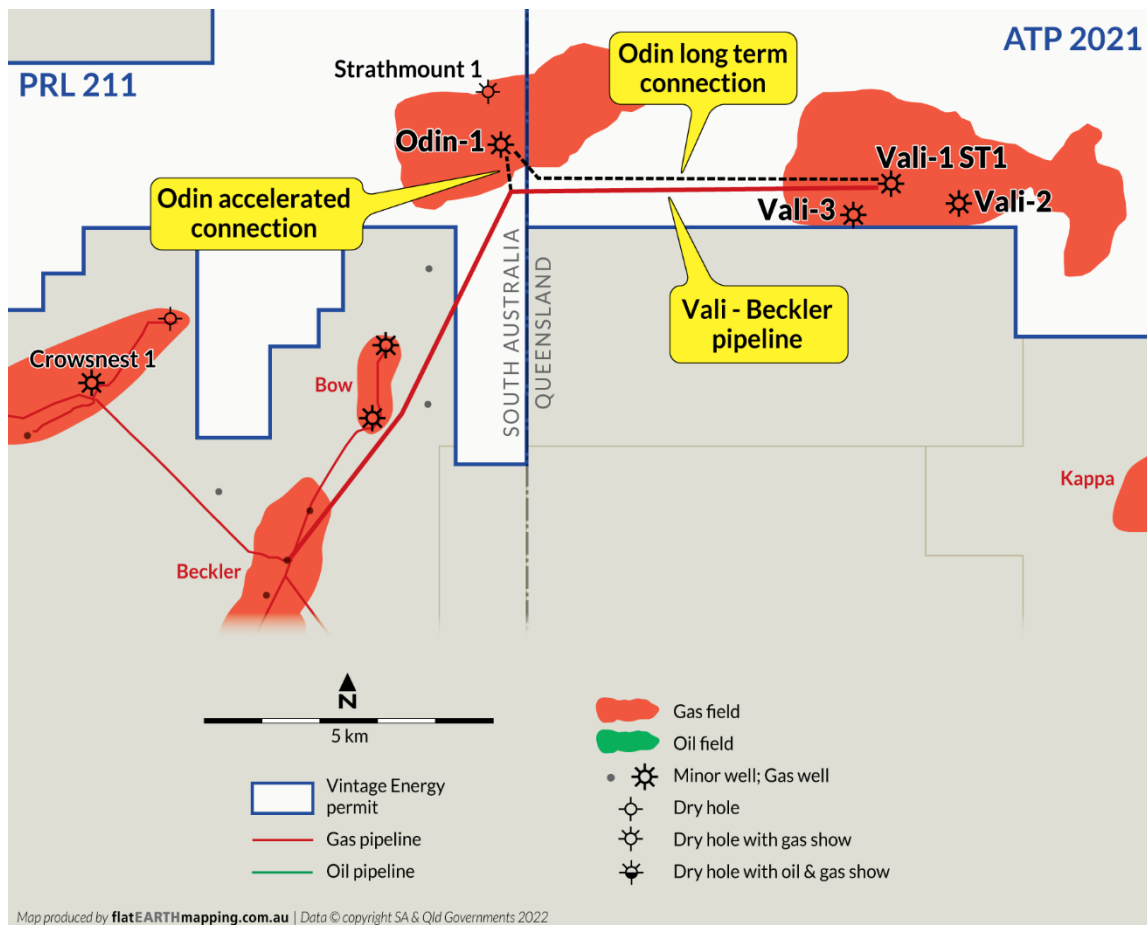


Figure 2: Illustration of Odin accelerated connection and long term connection to Vali

Activity

Concept Engineering studies to evaluate options for connection of Odin-1 to the Vali-Beckler pipeline were completed during the quarter. On consideration of the studies the PRL 211 joint venture resolved to accelerate connection and sales from the field via a two-stage connection program.

The connection project will provide an interim accelerated connection and sales from Odin, contemporaneous with work on the superior longer-term connection option selected by the joint venture from the concept work. This long-term connection option comprises connection of the Odin gas field to facilities at the Vali gas field for dewatering, metering and transport to the Beckler tie-in point. The Vali gas field is also owned by the same joint venture parties (in the ATP 2021 Joint Venture) and is being prepared to commence Vali gas production.

The accelerated connection will use temporary rental equipment and the installation of a 1.4-kilometre Fiberspar connection from the well-site to the mid-line riser of the pipeline currently being installed to

transport gas from the Vali gas field to the Moomba gas gathering network at Beckler. The long-term connection will enable metering and dewatering of the Odin gas stream at Vali prior to transportation to Beckler and requires installation of a 6.3-kilometre Fibrespar pipeline from the mid-line riser to the Vali facilities.

Site works on the Odin accelerated connection commenced in December with right of way surveying. Line clearing and trenching commenced in January. Other connection infrastructure both rental and permanent will be installed in the coming months.

Corporate Activities:

Business Development Opportunities:

Metgasco terminated the agreement on 10 November for the staged acquisition of Patriot Hydrogen ("Patriot"), announced on 16 August 2022. Metgasco's decision to terminate the agreement was, amongst other factors, was due to a number of the transaction conditions precedent not being met.

Metgasco provided a modest secured working capital facility to Patriot, for plant shipment and delivery, and have commenced the process for recovery of loaned funds which are anticipated to be returned in Q1 CY2023,

During the quarter Metgasco continued to review new business development opportunities, as well as potential new areas of business consistent with the Company's strategic objectives and the evolving energy sector backdrop.

Cash position:

The Company ended the Quarter with a cash balance of A\$820,114 and with no debt.

The following is a reconciliation of the Company's cash position from 1 October 2022 to 31 December 2022:

	\$A'000
Cash at 1 October 2022	102
Overhead and administrative	(307)
Development assets expenditure	(1,313)
Exploration and evaluation expenditure	(163)
Capital Raise	<u>2,501</u>
Cash at 31 December 2022	820

Metgasco Share Placement:

On 11 October 2022 Metgasco announced that the Company had undertaken a share placement of 135 million new shares to institutional, sophisticated, and professional investors raising approximately \$2.5 million.

Metgasco AGM:

On 30th November 2022 the Metgasco annual general meeting was held in Melbourne. All resolutions proposed in the 28th October 2022 notice of meeting document were carried.

Notes Pertaining to Quarterly Cashflow Report (Appendix 5B):

Item 6.1: The aggregate amount of payments to related parties and their associates of \$120,700 relates to remuneration payments made to Directors.

Shareholder base:

At 31 December 2022, Metgasco had 1,063,886,745 shares on issue and 2,532 shareholders. Its top 20 holders held 459,258,786, or 43.17% of the Company's issued capital.

Certified Resources and Reserves:

On 1 November 2021, the ATP2021 JV announced the reserves upgrade following the drilling of Vali-2&3. Contingent gas resources related to PRL211 were announced on 16 September 2021 and updated on 29th March 2022

Glossary:

MMscfd = Million standard cubic feet per day.

FWHP = Flowing wellhead pressure.

Bcf= Billion Standard Cubic feet

PJ= Peta Joules

ENDS

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Tenement Listing				
Tenement Reference	Location	Nature of Interest	Interest at 31 December 2022	Interest at 30 September 2022
Cooper/Eromanga				
ATP2021	QLD	25% working interest in Licence	25%	25%
PRL211	SA	25% working interest in Licence	25%	25%
PRL237	SA	20% Working Interest in Licence	20%	20%

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 start-ups.

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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Metgasco Ltd

ABN

24 088 196 383

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(165)	(359)
(e) administration and corporate costs	(140)	(724)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(307)	(1,088)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(1)	(1)
(d) exploration & evaluation (if capitalised)	(163)	(195)
(e) investments	-	-
(f) oil and gas properties	(1,313)	(3,932)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Working capital loan to Patriot Hydrogen Limited	(0)	(100)
2.6	Net cash from / (used in) investing activities	(1,476)	(4,228)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,678	2,678
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(177)	(177)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,501	2,501

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	102	3,635
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(307)	(1,088)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,476)	(4,228)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,501	2,501

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	820	102

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	820	102
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	820	102

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
121
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Amounts included in 6.1 are remuneration payments made to Directors

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(307)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(163)
Capitalised development expenditure for oil & gas properties (Item 2.1(f))	(1,313)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,782)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	820
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	820
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.46
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: As announced to the market on 25 January 2023, the company expects commissioning of the Vali Field to take place early February 2023. Production of first gas from its Vali gas field will follow shortly after. It is anticipated that capitalised development expenditure will decrease with the completion of the Vali project. Commencement of gas production will also provide anticipated revenue cash flows for the company.	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: The company is confident that it can fund its ongoing expenditure requirements using operating cash flow, as well as alternate options including debt and equity if required	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes, as per answer 2	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **31 January 2023**

Authorised by: **The Board**

Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.