

ASX / MEDIA RELEASE

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31 October 2023

QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 30 September 2023

Two fields online, Odin field first gas production achieved

Odin (PRL211):

- Commencement of first gas from Odin-1 on 14 September 2023
- Odin project delivered on schedule with initial gas production flowrates of 6 MMscfd higher than anticipated
- Subsequent to the quarter a second gas contract was signed with Pelican Point Power (Engie/Mitsui JV) for supply of gas from January 1 2025 to December 31 2026

Vali (ATP2021):

- Vali-1 gas production performance in line with expectations averaging raw gas production of 2.69 MMscfd during the quarter
- A remedial plan to establish gas production from Vali-2 in Q4 CY23 has been agreed by the JV

Revenue and Sales:

- Sales revenue of \$0.46 million up 58%
- Production of 0.05 PJe equivalent up 25%

Metgasco MD Ken Aitken commented:

"First gas production from the Odin field was a significant milestone for Metgasco as it delivered our second revenue stream through the Vali production hub facilities. The strong gas production rates of Odin-1 to date are highly encouraging and provide early confirmation that the Odin-1 well will deliver on modelled gas productivity and revenue expectations. Metgasco are delighted to have signed another sales agreement with Engie to supply Odin gas to Pelican Point Power to the end of CY26. The PRL211 JV achieved market competitive rates due to the strong customer interest driven by the current undersupply of gas to East Coast markets. Securing this additional Odin gas contract to the end of 2026 provides the PRL211 JV with confidence to assess further Odin field appraisal well opportunities to grow production and revenue. A remedial plan to establish production from the Vali-2 gas well has been agreed by the joint venture after consideration of MPLT ('Memory production logging tool') data on zonal gas and fluid contributions in the well. Work will commence later this quarter."

Key figures (Net MEL)	Sept Q1 FY24	JuneQ4 FY23	FY2024 YTD
Sales revenue \$'000	460.6	292.85	460.6
Sales gas volume PJ	0.05	0.035	0.05
Production PJe ¹	0.05	0.04	0.05

¹ Petajoule equivalent: comprises sales gas and gas liquids.

The Quarter's activities and subsequent events are detailed below

Sales

Sales information	3 months to 30 Sept 23	Prior Qtr Jun '23	Qtr on qtr change %	FY24 to date
Sales revenue \$'000	460.6	292.85	57.8%	460.6
Sales volume				
Sales gas & ethane PJ	0.05	0.035	42.8%	0.045
LPG tonne	1.95	-	100%	1.95
Condensate bbls	81	-	100%	81

Sales revenue of \$0.46 million was recorded for the quarter, 57.8% higher than the revenue of \$0.29 million in the prior quarter.

The increase in revenue is principally attributable to higher gas production during the period. No gas liquids sales were accrued in the quarter. Discussion of factors contributing to the quarter's production is provided following.

As previously advised, sales revenue reported in respect of supply from the Vali gas field comprises sales attracting cash payment and sales for which cash payment has been prepaid. From 1 July 2023, production and sales figures include gas produced under contractual agreement towards consideration for processing and transportation. The financial value of this gas is accounted as non-cash generating sales revenue.

Production

Production volume	3 months to 30 Sept 23	Prior Qtr Jun '23	Qtr on qtr Change %	FY24 to date
Total production PJe	0.05	0.04	25%	0.05
Sales gas & ethane TJ	50.35	38.5	30.8%	50.35
LPG tonne	3.5	6.35	(45.9%)	3.5
Condensate bbls	133.05	119.25	11.5%	133.05

Metgasco share of production for the September quarter was 0.05 PJe, 25% higher than the 0.04 PJe produced in the June quarter. The Odin gas field contributed production for 9.8 days after coming online 14 September. The Vali gas field was online for 89.8 days during the quarter, with 2.1 days offline due to third party downstream outages.

Based on advice from the downstream operator approximately 26 days offline are anticipated in the December quarter due to scheduled outages.

Further discussion of the performance of the Vali and Odin gas fields is provided under the heading 'Activity' following.

Cooper/Eromanga Basin Exploration Licence - ATP2021:

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

Asset Overview

ATP 2021 contains the Vali gas field, discovered by Vali-1 ST1 in January 2020 and successfully appraised by Vali-2 and Vali-3. Reserves at Vali have been independently certified and most recently reported in the 2023 Annual Report as comprising gross Proved and Probable reserves equivalent to 101 PJe (Metgasco

share 25.2 PJe)²of gas and gas liquids. Sales gas and ethane account for 97 PJ (Metgasco share: 24.25 PJ) of the 2P reserves.

The field has three cased wells, which have been completed and connected to the Moomba gas gathering network for supply to the eastern Australia domestic energy market. Production is currently being sourced from one well, Vali-1. Gas produced from the field is supplied to AGL Energy under a supply agreement extending to December 2026.

The regulatory condition of ATP 2021 includes partial relinquishment of sub-blocks during the 12-year term of the authority. Sub-blocks are predefined in the authority and are 3 km² in area. Of the 122 sub-blocks comprising ATP 2021, 19 sub-blocks have been relinquished, five years after ATP 2021 was awarded. There are no mapped prospects or leads in the 19 sub-blocks relinquished.

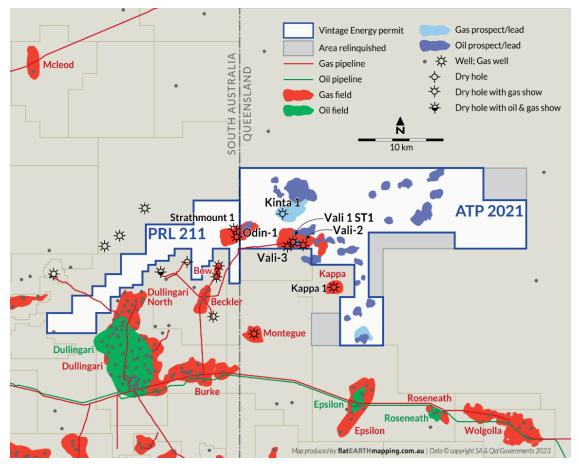


Figure 1: Cooper Basin permits PRL 211 and ATP 2021 including well locations Odin-1, Vali-1 ST1, Vali-2 and Vali-3. Source: Vintage

Activity

Activity during the period was focussed on the Vali-2 and Vali-3 wells, both of which had been shut-in due to fluid in the well bores. Operations to remove fluid so production could be established proved unsuccessful and operations to analyse performance and develop remedial action were undertaken.

Memory Production Log Tool ("MPLT") operations were undertaken at Vali-2 to identify zonal gas and water contributions. Interpretation of the data acquired indicated excess fluid production is being contributed predominantly by the two lowermost perforated zones in the Patchawarra Formation. The fluid produced is sufficient to suppress gas flow from the upper sands in the Patchawarra Formation and thereby prevent establishment of gas production from the well.

 ² As reported in the Metgasco 2023 Annual Report. Metgasco confirms it is not aware of any new information or date that materially affects the information included in the announcement and that all the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply.
Metgasco Limited | Quarterly Activities Report | 30 September2023

Subsequent to the end of the quarter the joint venture approved a remedial plan to isolate the fluid-producing zones by plugging the well above these zones so the upper, predominantly gas-producing, zones can flow unimpeded. It is expected this remedial action will be undertaken in November and initiation of gas production attempted thereafter.

At Vali-3 the proposed MPLT logging was not performed as excess fluid prevented restart of the well. Accordingly, Vali-3 will remain shut-in as the joint venture assesses the performance and potential remediation options to improve performance of the Toolachee producing zone. Future options for the well include production from other gas bearing zones such as the Patchawarra formation.

Vali-1 was online for 89.8 days during the period, with production suspended for 2.1 days due to downstream network outages. The well and facilities recorded availability of 99.94% of the days in which production was possible outside of downstream outages.

Vali-1 has entered natural decline which, in stimulated Cooper Basin gas wells, typically entails strong early production, a sharp initial decline and then a long tail of relatively flat production over an extended period of time. Vali-1 averaged gas production of 2.69 MMscfd whilst online during the quarter.

Scheduled downstream 3rd party maintenance will require Vali to be shut in for the greater part of October. The field was shut in 15 October and is expected to reopen on 4 November. Vintage has been advised there are no further outages scheduled for the December quarter.

Cooper/Eromanga Basin Exploration Licence - PRL211:

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

Asset Overview

PRL 211 lies in the South Australian Cooper Basin, with the licence's eastern boundary near to the ATP 2021 western boundary. The licence is in close proximity to the South Australian Cooper Basin's Joint Venture's gas production infrastructure at Beckler, Bow and Dullingari.

The licence holds the western portion of the Odin gas field, discovered by the PRL 211 joint venture in 2021. The eastern portion of the field is mapped to extend into ATP 2021, which has identical joint venture composition to PRL 211. The field has one connected well, Odin-1, which has been completed to produce from the Epsilon and Toolachee formations.

Gas resources at Odin have been independently certified and were most recently reported in the company's 2023 Annual Report as comprising 39.7 PJ of gross 2C Contingent Resources (Metgasco share 9.55 PJ) in the Toolachee, Epsilon, Patchawarra and Tirrawarra formations of the field.

Activity

The final commissioning of the accelerated connection project of Odin-1 was safely and successfully completed allowing first gas to be sold on 14 September .Initial gas production rates were 6 MMscfd,higher than anticipated.Odin-1 gas rate averaged 5.44 MMscfd whilst online during the quarter with flow rates constrained by conservative choke settings employed to maintain downstream temperatures below the design specifications for the flowline. The well has demonstrated the capacity to restart strongly, and without assistance, after being shut in for a scheduled downstream outage in September 2023.

Scheduled downstream 3rd party maintenance will require Odin to be shut in for the greater part of October. The field was shut-in 13 October and is expected to reopen on 4 November. Vintage has been advised there are no further planned outages in the December quarter.

Planning commenced for further Odin appraisal drilling in CY24. Odin sub-surface information was supplied to an independent reserve auditor to enable the completion of a study re the assessment regarding the conversion of Odin resources to reserves.

Corporate Activities

Business Development Opportunities:

During the quarter Metgasco continued to review a number of 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.

Finance Facility:

Metgasco executed a \$5 million debt facility in the CY2023 March quarter with long term shareholders Keybridge Capital and Glennon Small Companies. The facility will form part of the funding of the remaining capital requirements of the Vali field and deliver the Odin gas field project. The key terms of the 36-month facility have been detailed in an announcement to the ASX on 13 March 2023. As at 30 September 2023, \$2.76 million has been drawn down of the \$5 million facility.

Cash position:

The Company ended the Quarter with a cash balance of A\$533,550 with debt facility funding available to draw down of \$2.24 million.

The following is a reconciliation of the Company's cash position from 1 July 2023 to 30 September 2023:

	\$A'000
Cash at 1 July 2023	642
Overhead and administrative	(330)
Production (net) *	(26)
Development assets expenditure	(407)
Exploration and evaluation expenditure	-
Net proceeds debt facility	655
Cash at 30 September 2023 Gas sales receipts are received the month after production.	<u>534</u>

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

Item 6.1: The aggregate amount of payments to related parties and their associates of \$120,757 relates to remuneration payments made to Directors and Officers.

Shareholder base:

At 30 September 2023, Metgasco had 1,063,886,745 shares on issue and 2518 shareholders. Its top 20 holders held 443,912,495, or 41.73% 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= Petajoule. PJe=Petajoule equivalent comprises sales gas and gas liquids. Metgasco Limited | Quarterly Activities Report | 30 September2023 Ken Aitken

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Tenement Listing				
Tenement Reference	Location	Nature of Interest	Interest at 30 June 2023	Interest at 30 September 2023
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.

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.

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,

Appendix 5B

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

Name of entity	
Metgasco Ltd	
ABN	Quarter ended ("current quarter")
24 088 196 383	30 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	266	266
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	(293)	(293)
	(d) staff costs	(69)	(69)
	(e) administration and corporate costs	(220)	(220)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(40)	(40)
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	(356)	(356)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) oil and gas properties	(407)	(407)

Con	solidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	-	-
2.6	Net cash from / (used in) investing activities	(407)	(407)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	660	660
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(5)	(5)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	655	655

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	642	642
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(356)	(356)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(407)	(407)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	655	655

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	534	534

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	534	642
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)	534	642

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	121
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

Financing facilities 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. Loan facilities Content of the source of

- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 Total financing facilities

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
5,000	2,760
-	-
-	-
5,000	2,760

7.5 Unused financing facilities available at quarter end 2,240

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.

As announced to the market on 13 March 2023, a 5 million debt facility has been provided Keybridge Capital and Glennon Small Company which can be drawn down within 12 months from the initial issue date. Term: 3 years from first drawdown. Interest rate:10%. Establishment Fee: 1% fee payable on drawn funds only. Security: Secured by way of a general security deed jointly over all present property of the Company. Early repayment fee equal to 5% of the face value of the notes redeemed early. The \$39,924 in loan interest was paid during the September quarter.

8.	Estimated cash available for future operating activities	\$A'000	
8.1	Net cash from / (used in) operating activities (Item 1.9)	(357)	
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-	
	Capitalised development expenditure for oil & gas properties (Item 2.1(f))	(407)	
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(764)	
8.4	Cash and cash equivalents at quarter end (Item 4.6)	534	
8.5	Unused finance facilities available at quarter end (Item 7.5)	2,240	
8.6	Total available funding (Item 8.4 + Item 8.5)	2,774	
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.6	
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- 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: NA

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: NA

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: NA

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 October 2023

Authorised by: The Board

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

Notes

- 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.