



ASX / MEDIA RELEASE

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26 November 2018

ATP 2021 COOPER/EROMANGA PROSPECTIVE RESOURCES

- **Metgasco's sub-surface work has confirmed two 3D seismically defined conventional gas prospects with prospective gas resources.**
- **The ATP 2021 block is surrounded by commercial gas and oil fields and is 5km to gas pipelines and production infrastructure.**
- **Metgasco has initiated a farm-out process and several parties are currently reviewing the data room information.**
- **Metgasco plans to drill at least one well in the 2nd half of next year.**

Metgasco Ltd (**ASX:MEL**) (**Metgasco** or the **Company**) is pleased to announce the following prospective resources for Cooper/Eromanga ATP 2021. These estimates are based on our in-house sub-surface team's geo-science evaluation of the prospective gas resources.

Vali Prospect	Low (P90)	Best (P50)	High (P10)
Net OGIP (Raw) Bcf	6.6	26.3	101.2
Net Recoverable Gas (Raw) Bcf	4.8	19.0	72.9
Odin Prospect	Low (P90)	Best (P50)	High (P10)
Net OGIP (Raw) Bcf	3.8	12.0	37.8
Net Recoverable Gas (Raw) Bcf	2.7	8.7	27.2

The Prospective Resources estimates are probabilistic in nature and are recoverable raw gas attributable to Metgasco's 100% interest in ATP 2021 as at 26 November 2018. Raw gas includes the contents of inert gases such as carbon dioxide which is known to be variable in the region.

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. Metgasco intends to drill a prospect in the ATP 2021 licence in the 2nd half of 2019.

Metgasco acquired access to a 2016 vintage 3D seismic data set from another Cooper Basin operator which significantly enhanced the older 2D seismic data set and assisted with defining the prospects. A geological and engineering review of all wells previously drilled in the permit has been carried out. A review of publicly available exploration and production data from neighbouring blocks has also occurred.

A summary of the work is listed below and the attached presentation provides more details:

- Two 3D seismically defined prospects - Odin and Vali.
- 600 Bcf of gas produced locally within 20km of the ATP 2021 permit and 5km from producing infrastructure.

- **Odin Prospect**

- Odin anticlinal structure straddles the boundary of ATP 2021 in Queensland and PRL211 in South Australia.
- Offset well Strathmount-1 was drilled in 1987 on the South Australian side of the structure.
- The well intersected 21m of gas sands, 13.7m of interpreted net gas pay.
- 3D has shown that the well was intersected outside of structural closure at the Toolachee level and at the lower Patchawarra level.
- Volumes have only been attributed to the anticlinal closure mapped updip of Strathmount-1 .If stratigraphic trapping at Patchawarra level is confirmed, prospective resources could be significantly greater.
- Poor quality drilling fluids resulted in an enlarged hole which led to unreliable logs and the inability to test 60% of gas shows.
- Two open-hole tests flowed gas to surface at a rate too small to measure (RTSTM) and the well was abandoned.
- Metgasco will locate the Odin well on the structural crest as defined by the 3D seismic and implement modern drilling and formation evaluation techniques to maximise gas flow potential.
- The technical team has also identified a stratigraphic component to Odin. Further work is underway to evaluate the implications it may have on the Prospective Resources estimates.

- **Vali Prospect**

- 3D defined anticlinal structural closure at the Patchawarra and Toolachee Formations.
- The Kinta-1 exploration well drilled in 2003 is the only well in the permit. The well intersected 37m of log interpreted net gas pay.
- Very high temperatures in the Patchawarra formation resulted in electric logging mechanical problems and compromised logging data.
- The cased hole well test was poorly designed and executed which resulted in gas not flowing to the surface.
- In summary, Metgasco considers Kinta-1 to be a low permeability gas discovery which did not flow gas due to sub-standard logging, completion and testing practices.
- Metgasco believes the Vali prospect will have similar or better reservoir characteristics to Kinta-1 and has a good chance of a gas discovery.

Ken Aitken, Executive Director, commented: "Metgasco's experienced technical team has carefully evaluated the sub-surface potential of ATP 2021 and the work has resulted in two highly prospective gas material exploration targets which are close to neighbouring gas production infrastructure. The farm-out process is progressing well and we are confident of securing a credible partner to join Metgasco in an exploration drilling program in the 2nd half of 2019".

Metgasco holds a 100% working interest in ATP 2021.

Contact and further information:

Metgasco welcomes shareholder communication and invites all interested shareholders to make contact at any time.

Metgasco recently presented at the RIU Good Oil Conference in Perth, Western Australia, on Thursday, 13 September 2018. A video of Metgasco Executive Director Ken Aitken's presentation and the presentation itself are available at the company's website: <http://metgasco.com.au/presentations/riu-good-oil-conference-presentation>

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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.

Competent Person Statement

The reported prospective resource estimates are based on information compiled or reviewed by Dr. R. Willink who holds a PhD and a BSC (Hons) in Geology and is a member of AAPG and PESA. Dr. Willink is a Non-Executive director of Metgasco and is currently an Advisor on Exploration of the privately-owned Timor Resources and has worked in the petroleum industry as a practicing geologist for over 40 years. Dr. Willink has consented to the inclusion in this report of matters based on his information in the form and context in which it appears.

Summary Prospect Volumetrics - Raw gas

Vali Prospect	Low (P90)	Best (P50)	High (P10)
Net OGIP (Raw) Bcf	6.6	26.3	101.2
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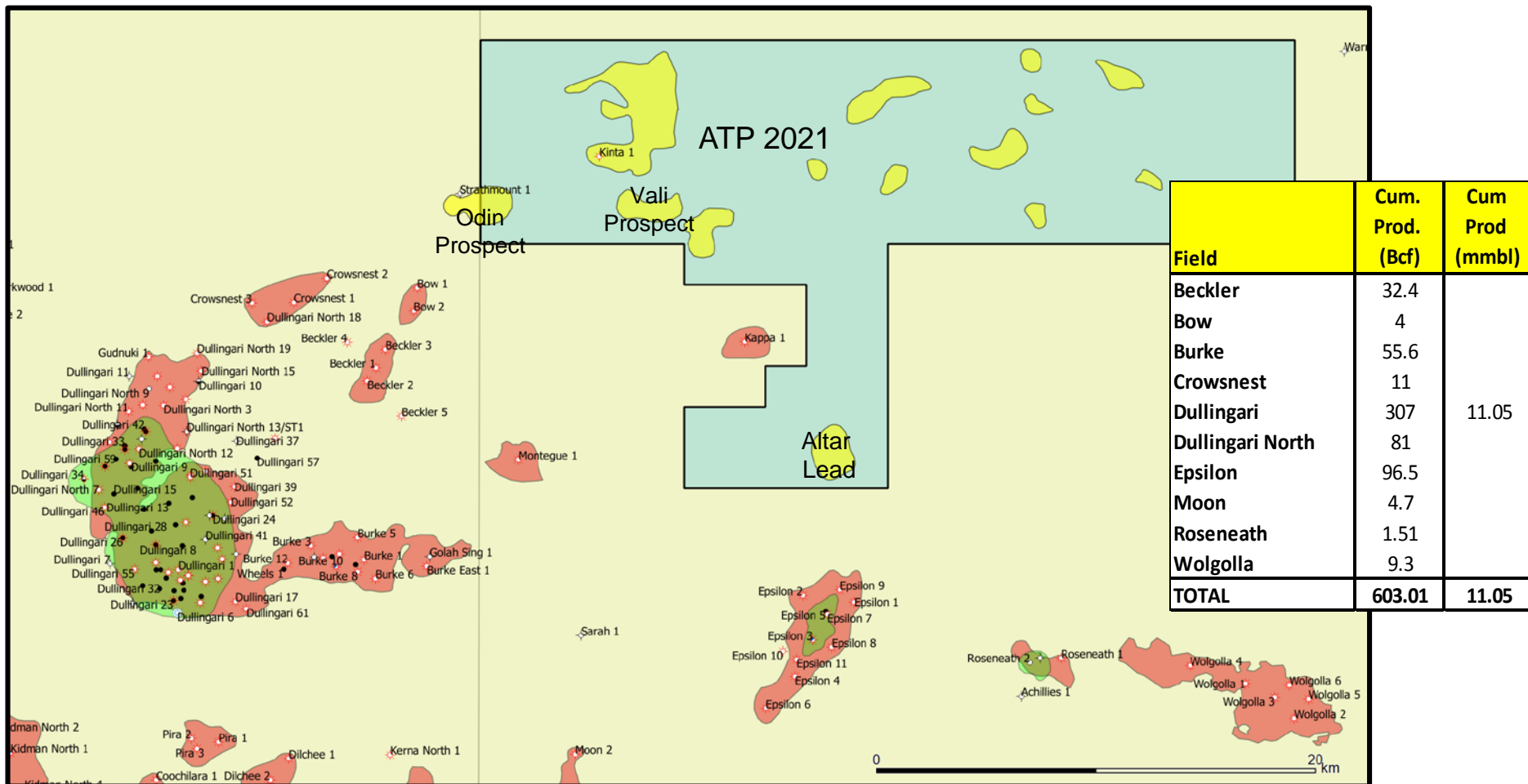
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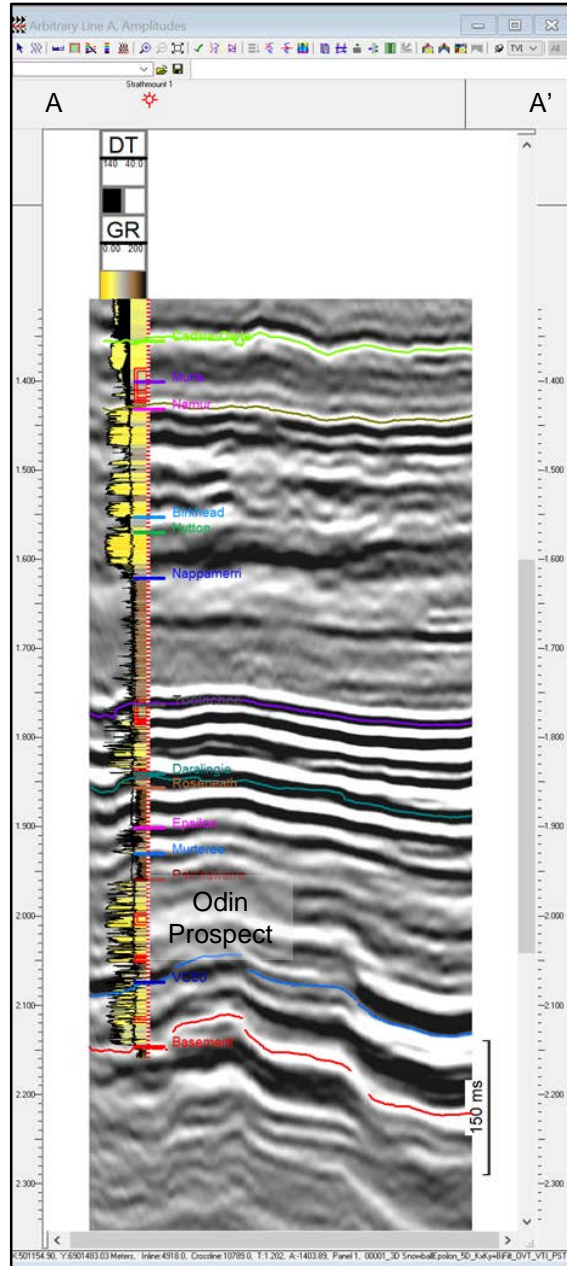
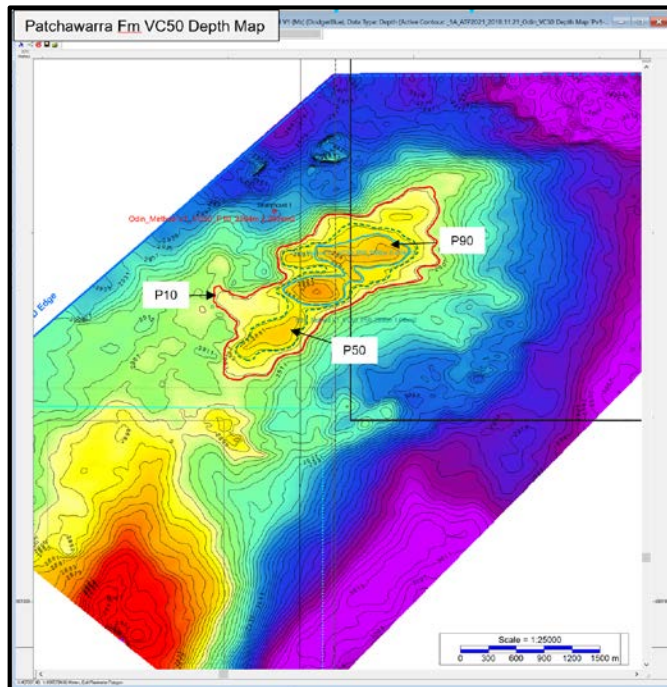
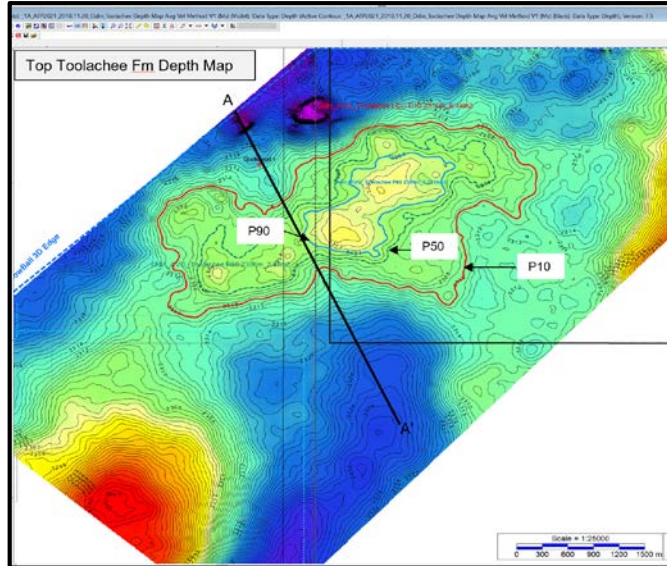
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ATP 2021

ATP 2021 surrounded by commercial gas and oil fields - Cumulative gas prod of ~600Bcf within 20km of permit boundary

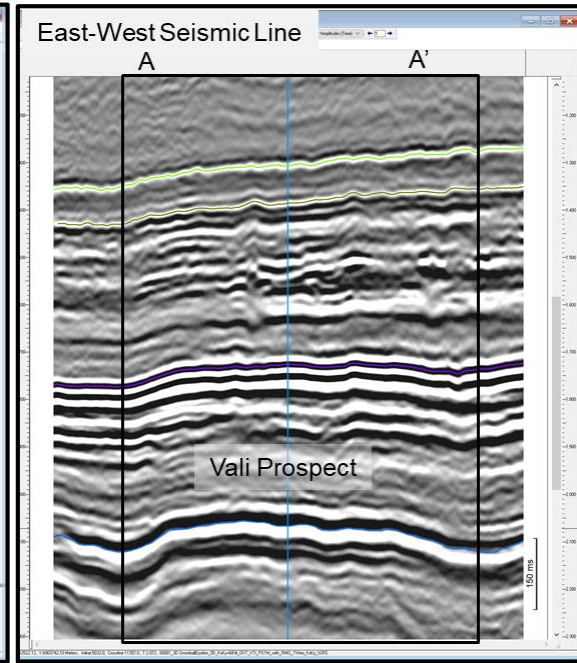
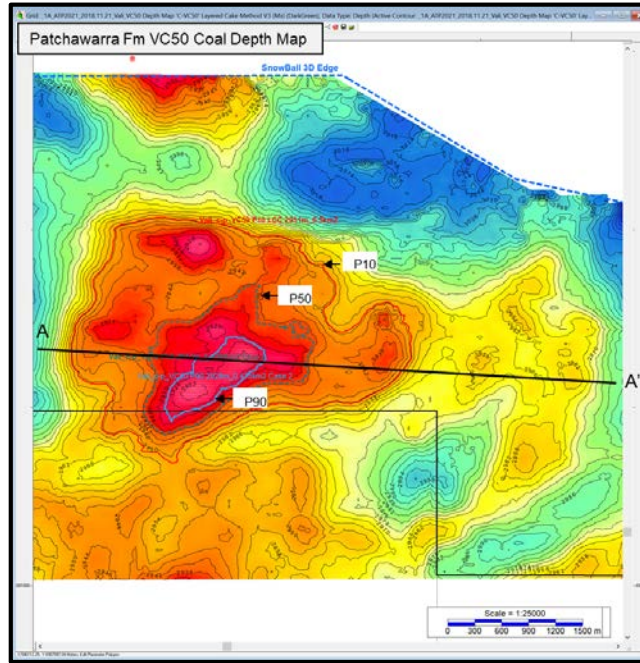
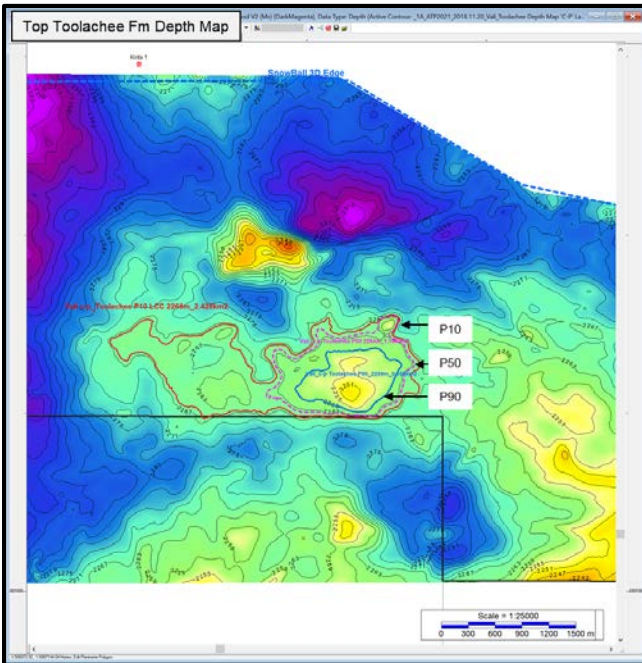


Odin Prospect Depth Maps: NW-SE seismic line



- Odin is a robust anticline with dual gas targets at the Toolachee and Patchawarra Formations.
- The structure has been mapped on recently acquired 2016 3D Seismic
- The Toolachee Formation has independent closure with an estimated depth to target of ~2301m.
- The closest well is Strathmount-1 drilled down-dip of the Odin crestal location at both Toolachee (~15 down-dip) and Patchawarra Formations (~55m down-dip)
- Strathmount-1 tested gas in the Patchawarra Formation and Tirrawarra Sandstone.

Vali Prospect Depth Maps: E-W Seismic Line



- Vali is a robust anticline with dual primary targets of the Toolachee and Patchawarra Formations
- The structure has been mapped on recently acquired 2016 3D Seismic
- The prospect is adjacent to the principal hydrocarbon source kitchen, the Nappamerri Trough
- The closest well Kinta-1, ~3km to the north, intersected gas charged sands in both the Patchawarra and Toolachee intervals.
- The Toolachee Formation has independent closure with an estimated depth to target of ~2249m.
- Vali is close to existing gas and oil infrastructure and pipelines.

Strathmount-1 and Kinta-1 Reservoir Evaluation

- Strathmount -1 Well not adequately evaluated due to wellbore issues, massive washouts leading to failed tests
 - 21m of interpreted gas in Permian sands
 - Sub-standard water based drilling mud resulted in an enlarged hole
 - Enlarged hole led to unreliable logs
 - Enlarged hole led to inability to perform 60% of the open hole tests on gas shows
 - Two open-hole tests flowed gas to surface at a rate too small to measure (RTSTM) and the well was abandoned

- Kinta -1 A low permeability gas discovery which did not flow gas to surface due to poor logging, completion and testing practices
 - 37m of interpreted gas in Permian sands
 - Very high temperatures in the Patchawarra Formation resulted in electric logging mechanical problems and compromised logging data
 - The case hole well test was poorly designed and executed which resulted in gas not flowing to surface

- Metgasco considers that the application of modern drilling, completion and testing practices planned for our 2019 wells will considerably improve the chances of gas discovery.

2018/2019 Indicative Timeline

Q3 2018

Q4 2018

Q1 2019

Q2 2019

Q3 2019

Q4 2019

**MEL ATP 2021
Oil & Gas
Cooper Basin**

Interpret 3D seismic

Farm-out process

Land access & Gvt approvals

Drill & evaluate

If discovery, develop & produce

Identify prospect

Well planning

**MEL ATP 2020
Oil & Gas
Cooper Basin**

Review leads and develop prospects

Farm-out process

Land access/seismic

Acquire seismic

Interpret seismic

Govt. approvals & well planning

Drill well *

* Subject to farm-in