



ASX / MEDIA RELEASE

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Three well Cooper/Perth Basin Program CY21

- **Firm three well drilling program for 2021 (Vali-2, Odin-1 and Cervantes-1)**
- **ATP 2021: Non-binding rig LOI to drill Vali-2; Vali-1 ST1 to be completed with upcoming wells; flowline equipment purchase deferred to incorporate well results and evaluation of upside potential; joint gas marketing approved by ACCC**
- **PRL 211: Non-binding rig LOI to drill Odin-1**
- **Cervantes: Non-binding rig LOI to drill Cervantes-1, contract being negotiated**

Metgasco Ltd (ASX:MEL) ("Metgasco") is pleased to provide an update on the ATP2021, PRL211 and L14 Cervantes activities :

Cooper Basin - ATP 2021 (Vintage Energy ("Vintage") 50% and operator, Metgasco Ltd 25%, Bridgeport Cooper Basin Pty Ltd 25%)

After consideration, the Joint Venture has elected to prioritise work to assess the resource upside of the Vali gas field and surrounding area, which will include the drilling of Vali-2 (and Odin-1) ahead of the purchase of flowline infrastructure. Vali-2 will address the interpreted Toolachee Formation gas accumulation in the Vali structure, which, if successful, would provide additional reserves to those recently certified in the Patchawarra Formation. As well as this, desktop studies will address further prospectivity and potential upside in the region. The Kinta-1 well drilled in 2003 by Santos logged 93ft of net sand with average 9% porosity in Patchawarra sands and was not fracture stimulated. The JV is planning to review the Kinta area resource potential based on Kinta-1's geological similarities with Vali-1 ST1 which successfully tested gas following hydraulic stimulation.

The benefits delivered by a work program to assess the gas resource upside are fourfold. It is expected to deliver an appropriately sized flowline over the long-term, allow for the potential development of a production hub, provide gas marketing advantages, and give greater exposure to a rising gas price.

The planned timing for drilling Vali-2 will be around April/May 2021, pending rig availability and other approvals. Vali-1 ST1 completion will now follow the drilling of Vali-2 and Odin-1 to allow for a possible campaign approach for well completions. A non-binding Letter of Intent ("LOI") has been signed with Schlumberger to use either SLR Rig-184 or rig SLR 183 for the drilling of Vali-2 and Odin-1 with the option to drill a further ATP 2021 well. It is expected that the above approach will be favourable from a value perspective, however, it will likely result in the deferral of first gas production to late this year or possibly early next year.

However, by focusing on assessing the resource upside ahead of first gas there is the potential to optimise the value of the ATP2021 and PRL211 assets, with the following benefits expected to be realised:

1. Appropriately sized flowline – by better defining field volumes through drilling, the flowline will be developed with adequate capacity for future production over the long-term.
2. Development of a production hub – further technical and operational work will better define resource upside in the area surrounding the Vali Field. This could add significant value to the Vali Field as a potential production hub for the area.

3. Gas marketing advantages – the Joint Venture will be in a stronger position to market larger volumes of gas, with the potential for improved terms and pricing.
4. Exposure to rising gas prices – gas prices are increasing, with forecasters and market commentators expecting this trend to continue.

Although the procurement of flowline equipment will now follow the prioritised evaluation program, other non-equipment related activities, such as Moomba access agreements, route surveying, environmental approvals, and government approvals, are continuing as planned to ensure an efficient installation of the flowline once equipment selection has been approved.

The ACCC recently granted interim authorisation for Joint Venture to enter into joint marketing arrangements. Interim authorisation allows the parties to begin jointly negotiating and entering into conditional long-term gas agreements with customers for the supply of gas from the Vali field. The parties can also jointly supply minor quantities of gas to customers on a fully interruptible basis for a short period until 31 December 2021, while they establish the flow characteristics of the Vali field.

Vali-2 is an exciting appraisal well which will target not only the Patchawarra Formation but also potential reserve upside in the Toolachee Formation. The planned work program will ensure optimum flowline capacity is installed and in turn maximise value and flexibility for gas production in the Vali region. Although first gas will be later than initially anticipated, the value of the Vali Field and surrounding areas is expected to be enhanced as a result of rising gas prices, with the deferral potentially leading to better contract terms.

Cooper Basin – PRL 211 (Vintage 42.5% and operator, Metgasco Ltd 21.25%, Bridgeport Cooper Basin Pty Ltd 21.25%, Stuart Petroleum Pty Ltd (wholly owned by Senex Energy Ltd) 15%)

The Joint Venture has also accelerated the drilling of the Odin prospect, with the Odin-1 well expected to be drilled around May/June 2021 (following Vali-2), pending rig availability and other approvals. The Odin structure is up-dip of Strathmount-1, which intersected interpreted Permian gas pay, and is a Permian four-way dip closure that plunges to the north-east into the Nappamerri Trough.

The Odin structure has been de-risked by the success at Vali-1 ST1 and has the potential for gas in the Toolachee Formation (~8 metres of structural relief over nearly 5.2 km²), with a 40% chance of success (“COS”) and high chance of development, and the Patchawarra Formation (~15 metres of structural relief over nearly 2.5 km²), with a COS of 32% and high chance of development. The Odin Structure has a Gross Prospective Resource of: 1U low estimate of 3.6 Bcf (1.6 Bcf net), 2U best estimate of 12.6 Bcf (5.7 Bcf net), 3U high estimate of 42.6 Bcf (19.0 Bcf net) (refer MEL ASX release dated 22 November 2019).

Perth Basin – Cervantes Prospect (Metgasco Ltd 30%, Vintage 30%, and RCMA Australia 40% free carried)

In December 2020 the Cervantes Joint Venture has signed a non-binding Letter of Intent with Refine Energy Pty Ltd to use Refine Rig-2 for the drilling of the Cervantes exploration prospect. Refine Rig-2 will firstly drill two wells for RCMA and Refine in Q1 CY2021 in the L14 Licence, approximately 3 km from the proposed Cervantes-1 surface location. As a result of these first two wells, the Mob/Demob of Refine Rig-2 will be minimal due to the rig proximity to Cervantes, which in turn will reduce the overall drilling cost for the Cervantes Joint Venture. Subject to acceptable performance of Refine Rig 2 during the RCMA/Refine two-well drilling program, the Cervantes prospect is planned to be drilled immediately following this program (subject to government approvals) in Q2 CY2021, allowing optimal rig and crew efficiency. A full rig contract agreement with Refine is being finalised.

The Cervantes prospect sits within the L14 licence granted over the Jingemina oilfield and surrounds and is a high-side fault trap of multiple Permian sandstone reservoir targets (prolific producers in Perth Basin). The COS is 28% and it has a high chance of development due to its close proximity to the Jingemina oil field and processing facility.

The Cervantes prospect has a Gross Prospective Resource of: 1U low estimate of 6.0 MMbbl (1.8 MMbbl net), 2U best estimate of 15.3 MMbbl (4.6 MMbbl net), 3U high estimate of 41.9 MMbbl (12.6 MMbbl net) (refer MEL ASX release dated 15 November 2019).

Ken Aitken, Metgasco Chief Executive Officer, commented:

"The forthcoming two firm well Cooper Basin drilling program is being fast-tracked by the JV to assess the considerable upside potential resources to ultimately deliver increased gas production from a potential gas production hub situated in ATP2021 and PRL211. Vali-2 and Odin are exciting appraisal/exploration wells which will target not only the Patchawarra Formation but also potential reserve upside in the Toolachee Formation. The planned work program will ensure optimum flowline capacity is installed and in turn maximise value and flexibility for gas production in the Vali region. Although first gas will be later than initially anticipated, the value of the Vali Field and surrounding areas is expected to be enhanced as a result of rising gas prices, with the deferral potentially leading to better contract terms. The drilling of two significant gas focussed Cooper wells and one of the largest onshore oil prospects in the Perth Basin within the next 6 months will deliver an exciting period for Metgasco shareholders"

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

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