

ASX / MEDIA RELEASE

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Vali & Cervantes Operational Update

- Rig being mobilised to run completion in Vali-1 ST1 well
- Vali pipeline connection tenders under review
- Further Vali development drilling locations identified
- Vali field gas marketing and 3rd party processing discussions advanced.
- Drilling Rig tender analysis being finalised to enable Cervantes -1 exploration drilling by late Q1/ Q2 CY2021
- Cervantes Environmental site survey successfully completed in September

Metgasco Ltd (ASX:MEL) (“Metgasco”) is pleased to provide an operational update on:

- Recent activities to progress the ATP2021 Copper Eromanga Basin Vali field gas discovery to an anticipated Q4 CY20 JV financial development decision (FID), and
- Progress on well planning and HSE approvals activities on the Cervantes oil exploration well in the Perth Basin

ATP2021: Vali-1 ST1 Gas Field Development:

Vintage Energy Ltd (ASX: VEN, “Vintage”) is the operator of the ATP 2021 joint venture (Vintage 50%, Metgasco Ltd 25% and Bridgeport (Cooper Basin) Pty Ltd 25%). The Vali-1 ST1 well completion will soon commence with the Wild Desert rig being mobilised to run a completion assembly in the well. Barring any weather events mobilisation of the rig will commence on 17 October, with all necessary equipment having arrived in Australia. It is anticipated that completion of the well will take around one week.

Following acceptance of the Concept Design work, tenders have been received and reviewed for the front-end engineering design (FEED), detailed engineering, procurement, construction, and commissioning works for connecting Vali-1 ST1 to the Moomba gathering system. The joint venture has agreed to move forward with the FEED part of the scope and it is expected that this work will be awarded to the successful bidder within days. The scope of the tender was to connect Vali-1 ST1 to the Beckler Field which connects through to the Dullingari facilities and ultimately Moomba.

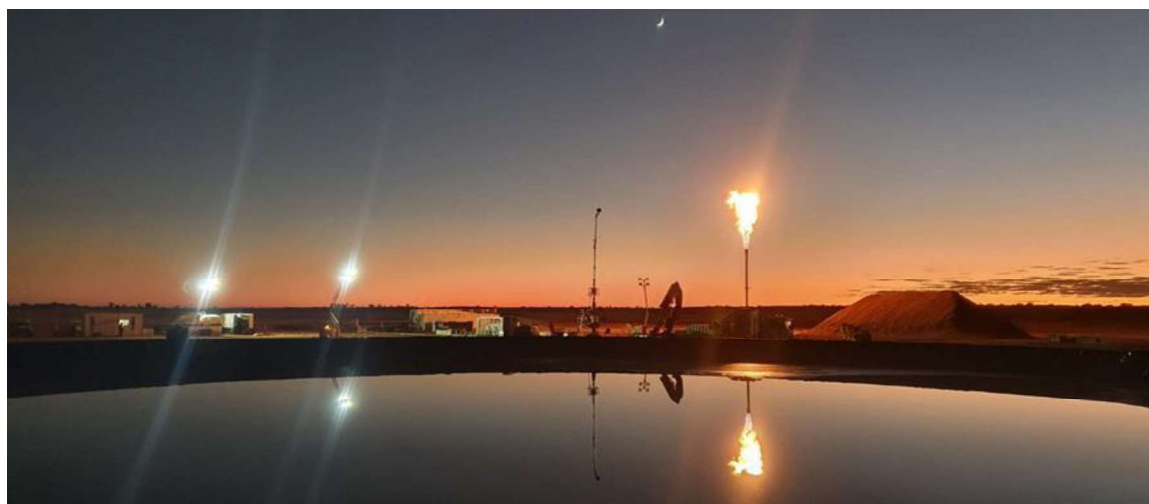


Figure 1: Vali-1 ST1 Flare

To maximise value from the Vali gas field and enable a joint venture (JV) financial development decision to occur in Q4 CY20 the location and phasing of the development wells are under discussion within the JV. To ensure that this process commences as soon as possible, scouting for suitable rigs for the drilling of these future wells has commenced.

The development concept for the Vali gas field (refer Vintage ASX release dated 17 September 2020) identified the need for up to nine fracture-stimulated vertical wells for optimal gas recovery from the reservoirs in the Patchawarra Formation and the Tirrawarra Sandstone. Up to two wells in this program are under consideration for drilling in the first half of 2021, subject to regulatory and joint venture approvals and rig availability, and they will also appraise upside potential in sands within the Toolachee Formation and Nappamerri Group.

Work is also progressing to secure a foundation gas customer and finalise a processing/tariff agreement with Santos. An independent study is being completed by ERCE to determine the volume of the 2C gross 37.7 Bcf resources (9.4 Bcf net)^{1,2} to be converted to 2P reserves following the results of the successful fracture stimulation and testing program completed in August 2020 (ref ASX 21st Aug 2020)

1. Refer ASX release dated 3 March 2020
2. Metgasco confirms that it is not aware of any new information or data that materially affects this amount, and that all the material assumptions and technical parameters underpinning this value continue to apply and have not materially changed.

Perth Basin L14: Cervantes Exploration Well:

Metgasco is the seconded operator of the Cervantes exploration drilling project on behalf of L14 licence operator RCMA Australia and JV partner Vintage. In Q3 CY20 an expression of interest to tender was distributed to a number of drilling service companies in Australia. The submissions have recently been analysed and a number of suitable rigs have been shortlisted on both technical /commercial basis as well as availability in the planned drilling window of late Q1/early Q2 CY2021. A final decision on the drilling rig selection is anticipated in the next 2-3 weeks.

The Cervantes drilling surface location and access track was chosen to reduce the drilling environmental footprint as well as enable the deviated wellbore to penetrate all three Permian reservoir targets. A significant amount of work has occurred in CY Q3 with a number of stakeholders including completing an additional botanical survey in early September as well as negotiating Heritage and track access agreements. It is anticipated environmental approval will be secured in December. Work is underway to secure drilling service contracts and long lead equipment.

Ken Aitken, Metgasco Chief Executive Officer, commented:

"I am happy to report good progress on both the Vali-1 ST1 gas discovery field development and Cervantes oil exploration well planning. I look forward to a safe and successful completion program on Vali-1 ST1 in the 2nd half of October. In parallel the Vali JV will be imminently completing development plan discussions as well as finalising an independent study to convert contingent resources to reserves following the successful gas flow test of circa 5mmscf/d in August.

Progress is also being made on securing a foundation gas customer and completing tariff discussions with Santos, to allow the JV to make a financial development decision in Q4 CY20 on the Vali development. I believe Vali will be the first of many gas and oil fields to be developed in ATP2021."

The significant Cervantes oil exploration project is gaining momentum and securing a rig and finalising government environmental approval are targeted in the December quarter"

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

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