



ASX / MEDIA RELEASE

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RIG CONTRACT SIGNED FOR VALI-1 DRILLING MID DECEMBER

- **Operator Vintage Energy Ltd has signed a drilling contract for the SLR-185 rig**
- **Vali-1 spud date is expected in Mid December 2019**
- **Metgasco is free carried for the drilling of Vali-1 with a 25% interest**
- **Vali-1 Net Prospective Resource (2U Best Estimate) of 9.5 Bcf**

Metgasco Ltd (ASX:MEL) (**Metgasco** or **the Company**) notes Licence operator Vintage Energy Ltd (Vintage, ASX: VEN)'s ASX release today.

A rig contract has been signed by Vintage, on behalf of the ATP2021 joint venture, with Saxon Energy Services Ltd (Schlumberger Land Rigs) for the use of the SLR-185 rig to drill Vali-1. SLR-185 is a 1250 HP rig that is capable of drilling to 3500 metres and is currently working for Senex Energy Ltd (Senex). On completion of the Senex program, the rig will relocate to ATP2021 to drill Vali-1 in mid December 2019. Safe operating is a key priority of Schlumberger Land Rigs.

As announced to the market on 22 May 2019, Metgasco has farmed out a 50% interest in ATP 2021 to Vintage who will contribute 65% of the cost of Vali-1 (up to a gross cost of \$5.3 million), paying for 65% of past exploration costs, and funding up to \$70,000 of 2D and 3D reprocessing.

On 29 August 2019 Metgasco farmed out a further 25% of ATP2021 to Bridgeport (Cooper Basin) Ltd (a subsidiary of New Hope Corporation) who are contributing a further 32.5% of the cost of Vali-1 (up to gross cost of \$5.3 million) and will pay Metgasco's future exploration costs up to \$263,900 (net) on ATP2021.

These two farm-out transactions have achieved a free carry for Metgasco on the Vali prospect. (See Vali-1 Location on ATP2021 Map in Figure 1 below).

The Vali structure is a robust anticlinal structure located in the Southern part of ATP 2021 in the Queensland Cooper Basin. The Vali prospect is prospective for gas in Permian aged reservoirs, specifically the Patchawarra. The Toolachee Formation is a secondary objective. These reservoirs are proven as producing reservoirs on the Southern flank of the Nappamerri Trough, with over 600 Bcf of gas produced from fields within a 15 to 40-kilometre radius of the proposed Vali-1 prospect.

The Vali structure is identified on the 2017 Snowball 3D seismic survey (refer Figure 2 below) and is approximately three kilometres from Kinta-1, which was drilled in 2005 and intersected gas charged sands in the Patchawarra and Toolachee formations.

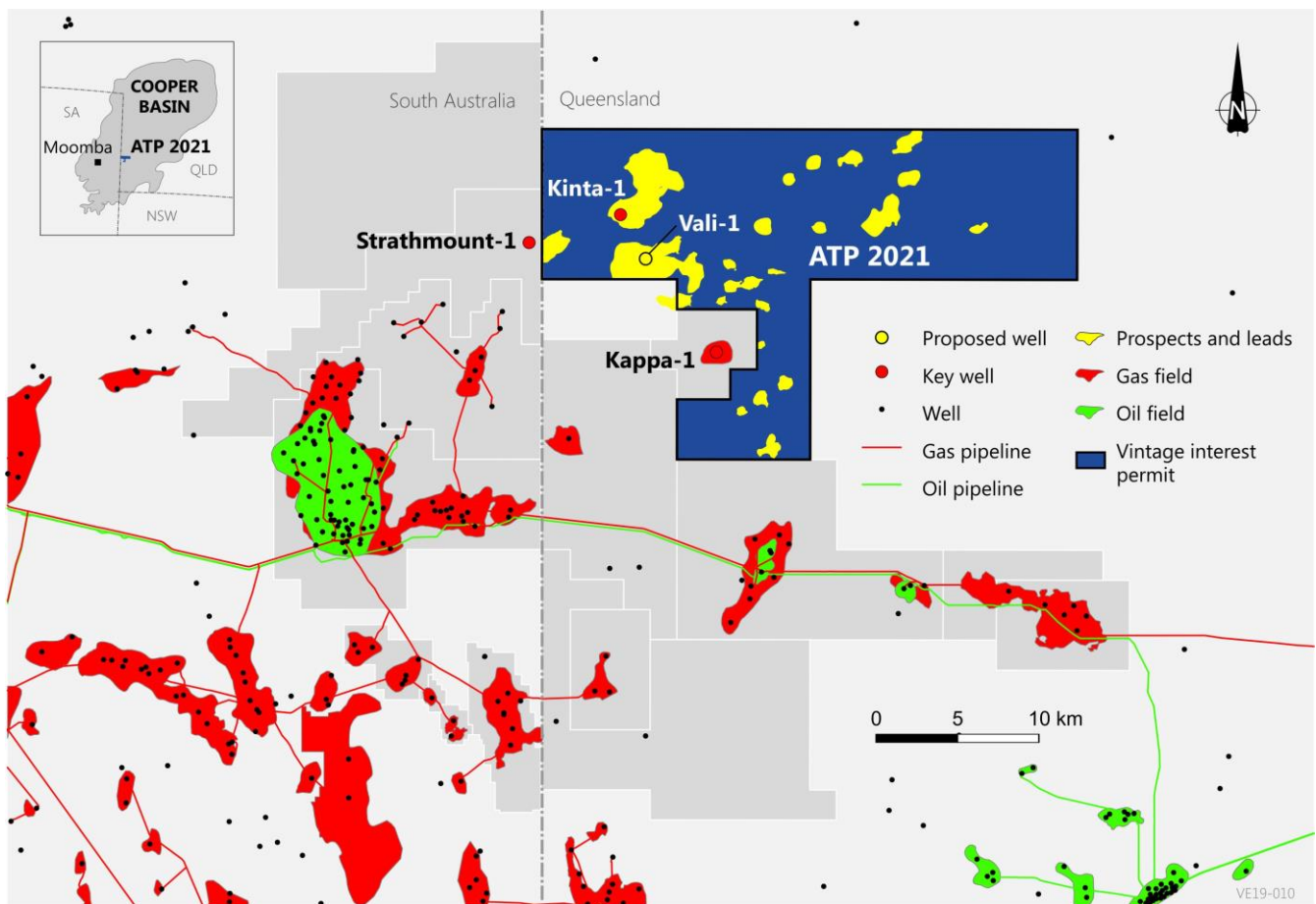


Figure 1: Vali-1 Location Source: Vintage Energy, Metgasco

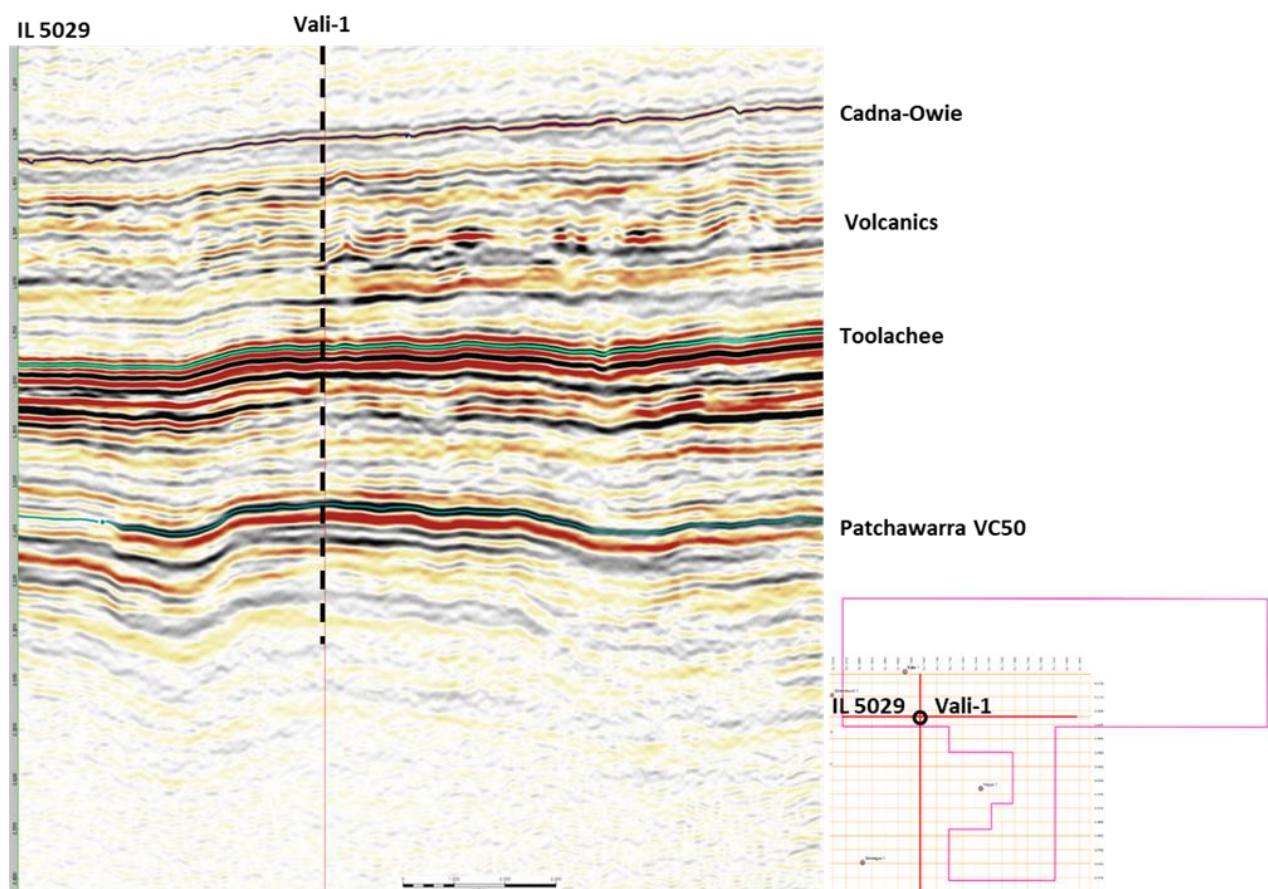


Figure 2: Vali-1 Snowball 3D Seismic section Source: Vintage Energy, Metgasco

As per Metgasco's ASX release on 1 October 2019, the 2U Best Estimate Unrisked Prospective Resources in Vali have been calculated to be 9.5 Bcf net to Metgasco (25% interest), based on mapping of the Snowball 3D seismic and incorporating the results of offset wells.

The chance of exploration success is estimated to be 34% and the chance of technical success representing a commercial discovery is relatively high given the nearby infrastructure and market availability.

Note that the volumes are net to Metgasco and risking values stated are as calculated by Vintage and agreed by the joint venture.

Vali-1	2U Best Estimate Net to Metgasco (25%)	2U Best Estimate for ATP 2021 (100%)
Primary- Patchawarra	8.8 Bcf	35.1 Bcf
Secondary- Toolachee	0.7 Bcf	3 Bcf
Arithmetic Total	9.5 Bcf*	38.1 Bcf*

*Refer MEL ASX release on 1 Oct 2019

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 have both an associated risk of discovery and a risk of development.

These prospective resources are estimated as of September 27, 2019. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The resources have been classified and estimated in accordance with the Petroleum Resource Management System (PRMS). The prospective resources have been estimated based on the interpretation of 3D seismic integrated with offset well data. Probabilistic methods have been used to estimate the prospective resource in individual reservoirs and the reservoirs have been summed arithmetically.

It is expected that the prospect will be drilled in late 2019 and that no further material exploration activities, including studies, further data acquisition and evaluation work are to be undertaken prior to that activity.

Contact and further information:

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

ENDS

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