

ASX / MEDIA RELEASE

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VALI-1 DRILLING UPDATE - 15 DECEMBER SPUD

- Mobilisation underway of the SLR-185 drilling rig to Vali-1 location
- Vali-1 spud date is anticipated on 15 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.

On Monday 9th December mobilisation of the Saxon Energy Services Ltd SLR-185 rig was initiated from the preceding operator's location in the Cooper Basin to the Vali-1 location. It is anticipated that the Vali-1 well will spud on or around 15 December 2019. The SLR-185 rig is a 1250 HP rig capable of drilling to 3,500 metres, which satisfies the requirements of the Vali-1 well which has a targeted total depth of 3,140 metres.

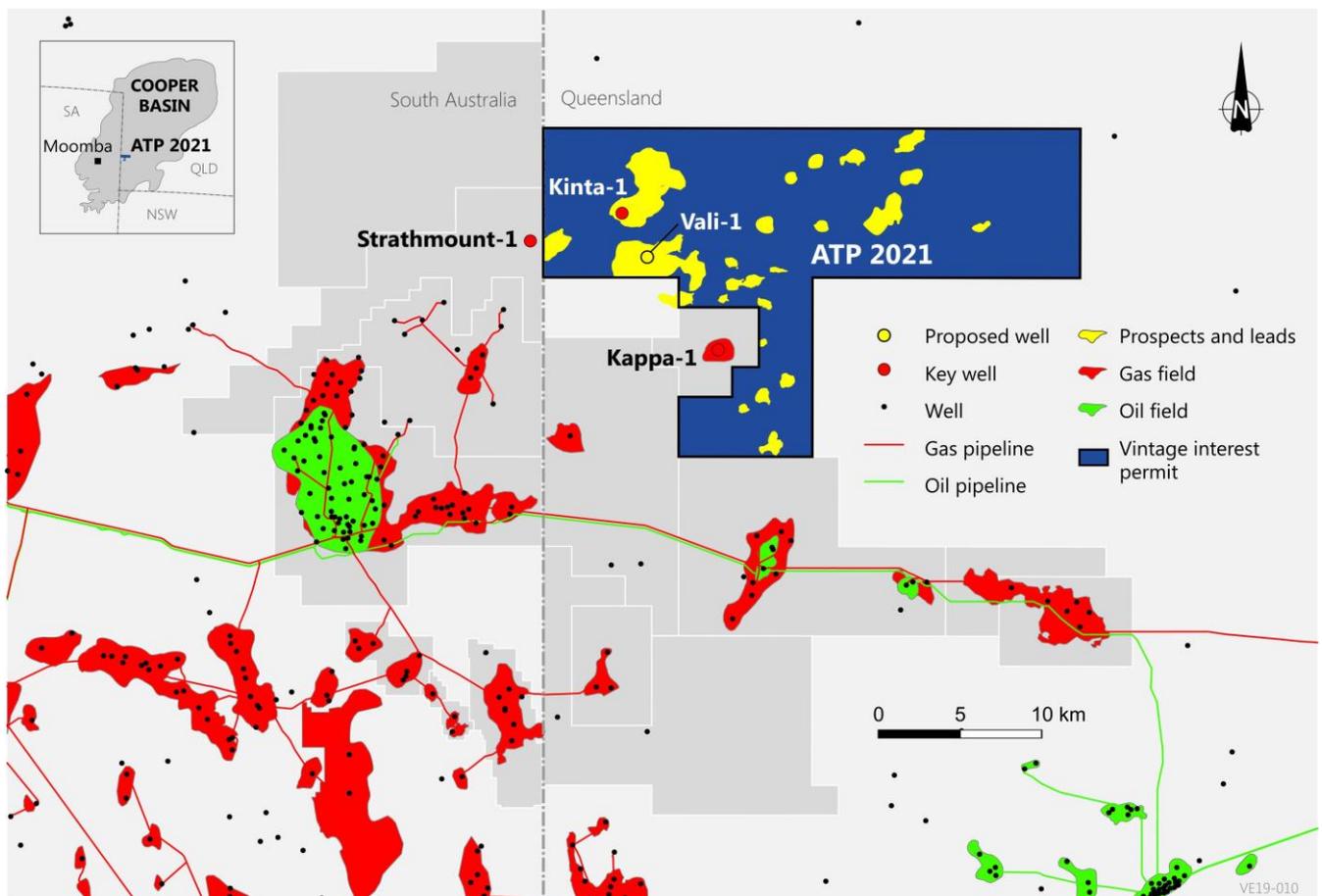


Figure 1: Vali-1 Location Source: Vintage Energy, Metgasco

As announced to the market on 22 May 2019, Metgasco has farmed out a 50% interest in ATP2021 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) Pty 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 above)

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.

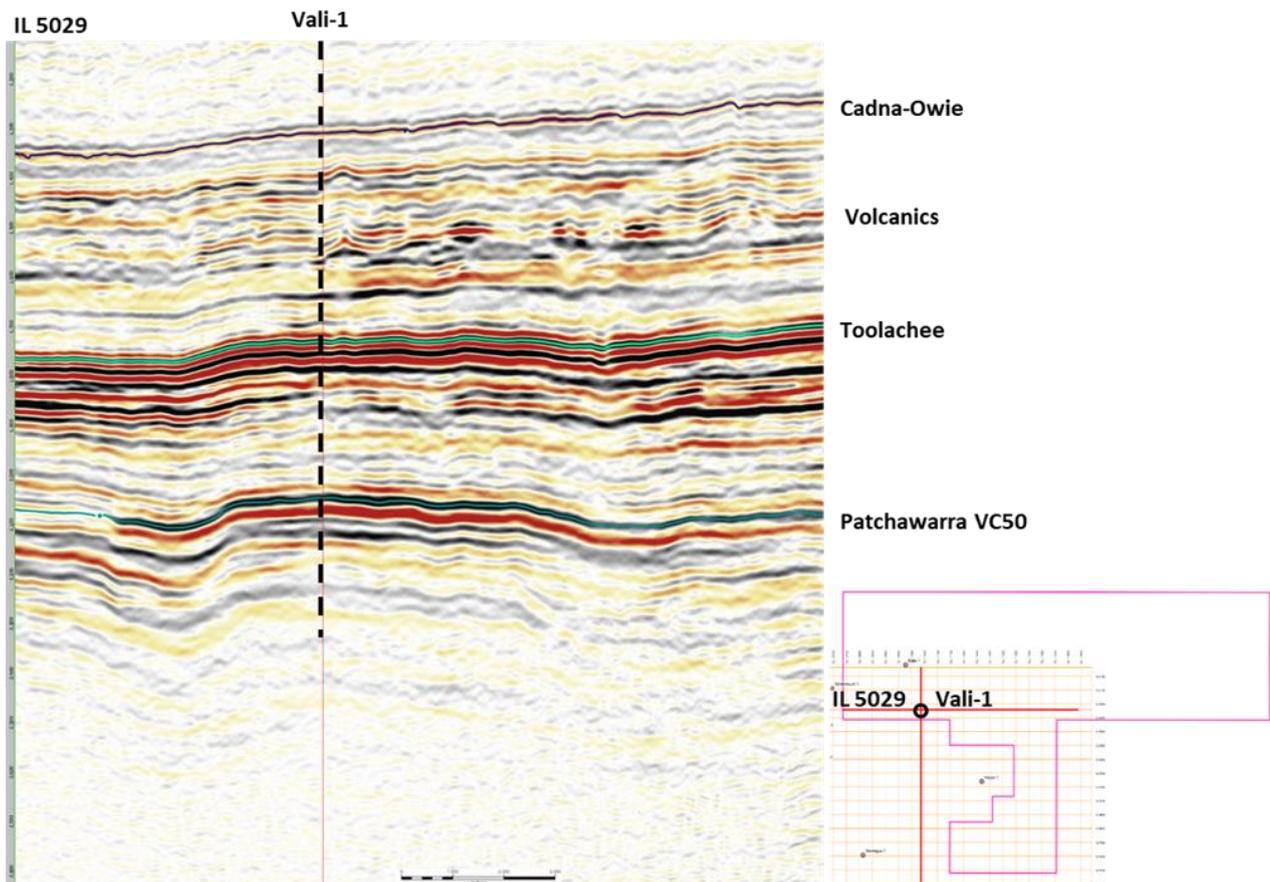


Figure 2: Vali-1 Snowball 3D Seismic section *Source: Vintage Energy, Metgasco*

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 ATP2021 (100%)
Patchawarra Formation	8.8 Bcf	35.1 Bcf**
Toolachee Formation	0.7 Bcf	2.9 Bcf
Arithmetic Total	9.5 Bcf*	38.1 Bcf*

*Refer MEL ASX release on 1 Oct 2019**Refer VEN ASX release 11 Nov 2019 for Competent Person's statement

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.

Ken Aitken, Metgasco Chief Executive Officer, commented:

"Metgasco believes that the Vali-1 prospect is highly prospective for gas and will be the first of many prospects that the JV choose to drill to unlock value on the ATP2021 licence. We look forward to the imminent commencement of drilling and keeping our shareholders updated on this exciting prospect."

AUTHORISED FOR ISSUE TO ASX BY THE BOARD OF METGASCO LTD

Contact and further information:

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

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