



ASX / MEDIA RELEASE

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FARM-OUT AGREEMENT EXECUTED FOR CERVANTES

The Board of Metgasco Ltd (ASX: MEL) (Metgasco, or the Company) is pleased to announce that it has executed a re-stated L14 Western Flank farm-out agreement with RCMA Australia Pty Ltd (“Jade”) and Vintage Energy Ltd (“Vintage”, ASX: VEN).

- The re-stated farm-out agreement has been executed as per the terms in the binding term sheet signed on 15th November 2019 and provides for Vintage, as introduced farminee to:
 - i. Fund 50% of the Cervantes exploration well for a 30% participating interest
 - ii. Vintage will also pay Metgasco \$100k for future exploration expenditure relating to Cervantes and Jade \$100k relating to seismic re-processing over the L14 production licence (“L14”)
- The Farm-out Agreement is binding and commits Metgasco and Vintage to drilling, in Q3 CY2020, the highly prospective 3D seismically defined Cervantes oil prospect in the Western Flank area of the L14 production licence. Cervantes is located in the northern onshore Perth Basin (see Figure 1 below), 3km south-west of the Jingemina oil field which has produced approximately 4.6 million barrels of oil to date.
- The Farm-out Agreement also allows Metgasco the right to drill a 2nd optional exploration well within the L14 production licence with the same farm-in commitment obligations, exercisable between April and end of December 2020. Vintage has the first option to participate in the optional well in L14.
- As a result of the introduction of Vintage to the joint venture, Metgasco’s cost exposure, will reduce to 50% of the drilling of up to two wells and its interest will reduce to 30% of any hydrocarbons discovered by these two wells.
- Drilling planning for the Cervantes Prospect is underway and government environmental approval applications are imminent. Discussions to identify and share a drilling rig with other Perth Basin operators are underway. The current gross cost estimate range to drill Cervantes is \$5-7 million and will be more accurately defined as the project progresses. In the event that well costs go above gross \$8 mill then Metgasco financial contribution would revert to the JV equity level of 30%. The joint venture plans to drill Cervantes in Q3 CY2020.

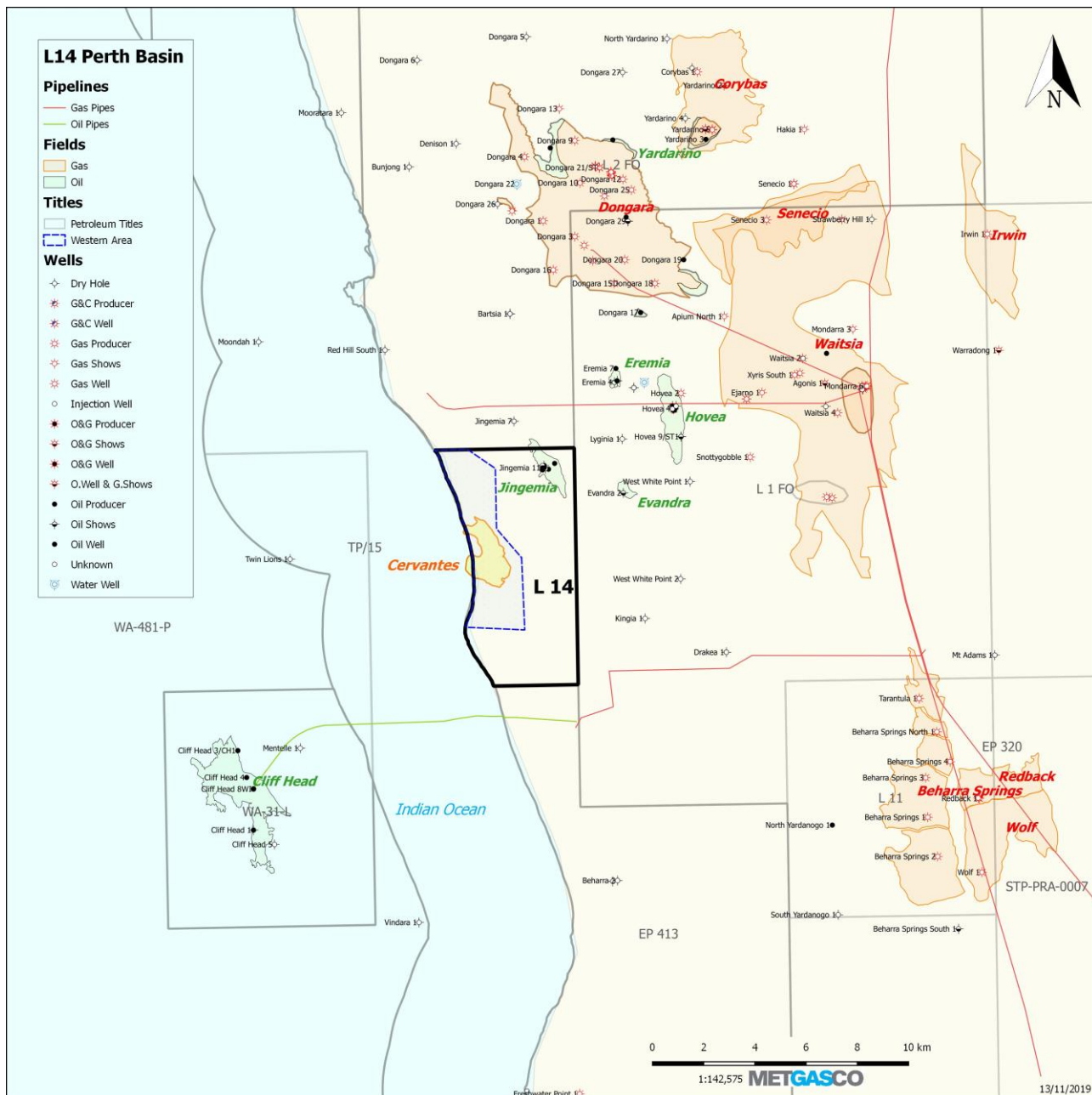


Figure 1- P50 Outline of Cervantes structure

- On 10 September 2019 Metgasco announced prospective resources for the Cervantes prospect. (See Table1) The net resources of Metgasco have been updated to reflect the Vintage farm-in.

Table 1 Cervantes Prospective resources

Prospective Resources							
Prospect	Reservoir	OOIP mmbbls			Recoverable mmbbls		
		Low (P90)	Best (P50)	High (P10)	Low (P90)	Best (P50)	High (P10)
Cervantes	Dongara SS	7.7	14.9	28.5	3.7	7.4	14.6
	Kingia SS	5.5	17.8	54.0	2.2	7.1	22.3
	HCSS	0.3	2.2	13.8	0.1	0.8	5.0
L14 100%		13.6	34.9	96.3	6.0	15.3	41.9
Metgasco 30%		4.1	10.5	28.9	1.8	4.6	12.6

*Prospective Resources Announced 10 September 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 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. These prospective resource estimates are probabilistic in nature and are recoverable raw oil attributable to JV gross (100%) and Metgasco net interest (30%) in the Cervantes prospect as of 10 September 2019. The resources have been classified and estimated in accordance with the Petroleum Resource Management System (PRMS). Metgasco is not aware of any new data or information that materially affects the estimate above and that all material assumptions and technical parameters continue to apply and have not materially changed. The JV intends to drill the Cervantes prospect in Q3 CY2020 and that no further material exploration activities, including studies, further data acquisition and evaluation work are to be undertaken prior to that activity

- An independent report by RISC (refer Metgasco announcement 4 October 2019) calculated the Mid/P50 prospective resources on the Cervantes prospect of gross 17.4 mmbbl representing a 14% increase on the P50 estimate of Metgasco.
- The Cervantes prospect as mapped is a tilted fault block (Proven Trap) with the primary target, the Kingia SS currently mapped as juxtaposed across the bounding fault to the primary Perth Basin oil source, the Kockatea Shale.
- The Cervantes prospect has been assessed to feature high quality Kingia/High Cliff sands (excellent gas producer at Waitsia) as well as the prolific oil producing Dongara sands, in the shallowest depths in the Perth Basin.
- A moderately deviated well will target three reservoirs in one well (Dongara, Kingia and High Cliff) increasing the chances of success.
- The facility for rapid conversion of prospective resources to producing reserves exists via a processing and operations agreement with L14 operator Jade, who 100% owns and operates, the Jingemia oil processing and export facility approximately 3km from the Cervantes drill site. Jade would be a 40% owner and operator of a Cervantes discovery tied back to the Jingemia processing facility.
- The regional cross section in Figure 2 below illustrates the tilted fault blocks of the hydrocarbon bearing Perth Basin. Note that Cervantes shares many sub-surface features with successful discoveries east of the prospect (Jingemia/Hovea/Erechia/Waitsia).

Ken Aitken, Metgasco Chief Executive Officer, commented:

“Metgasco is pleased to have finalised the L14 farm-out agreement with Vintage and RCMA Australia. Metgasco, as seconded operator, are currently working closely with RCMA and Vintage to progress Cervantes planning and look forward to a successful project. An exploration success at one of the largest undrilled oil prospects in the Perth Basin will be highly commercially significant for Metgasco and continue to build on the momentum provided by the recent gas discovery in the Cooper/Eromanga Basin.”

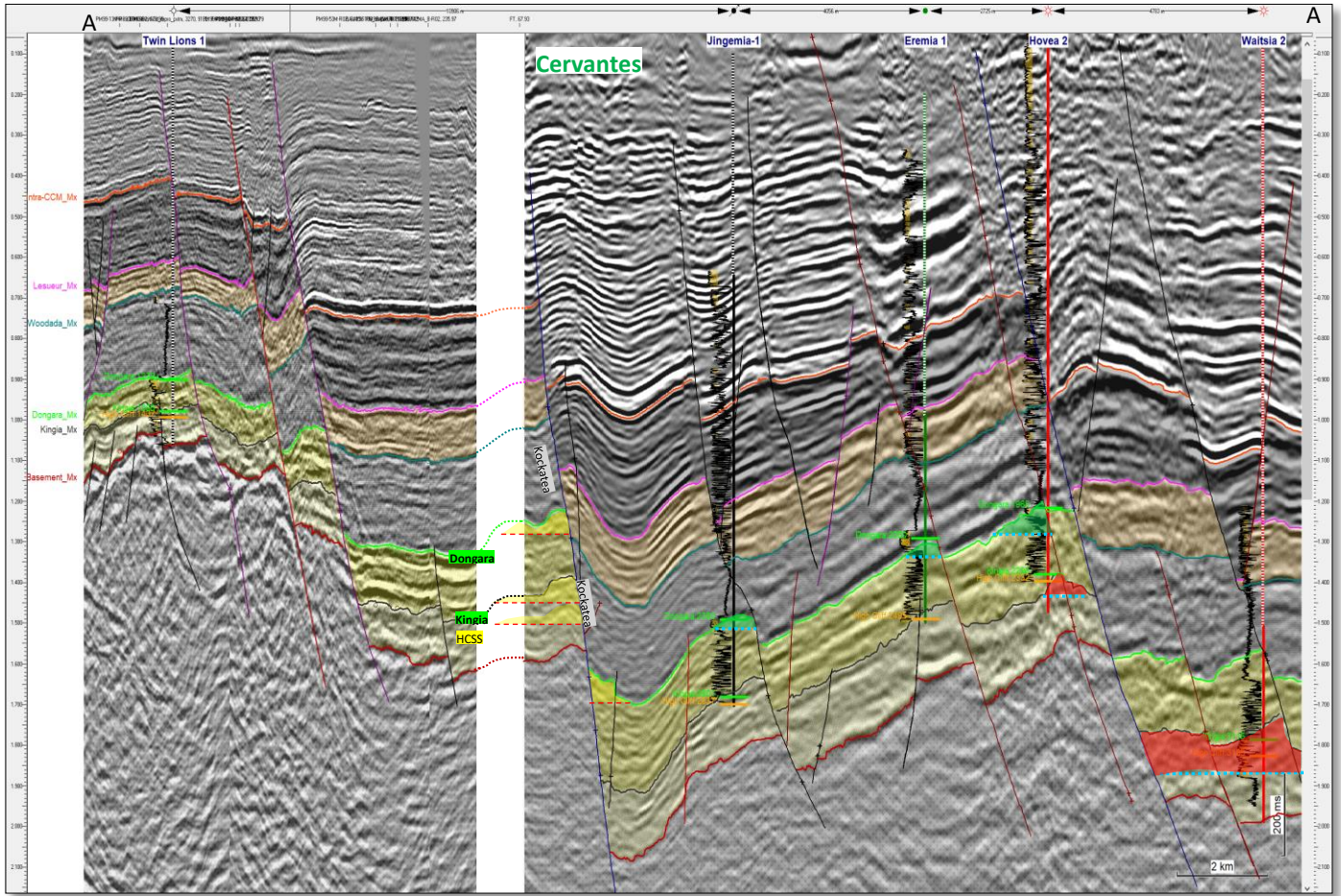
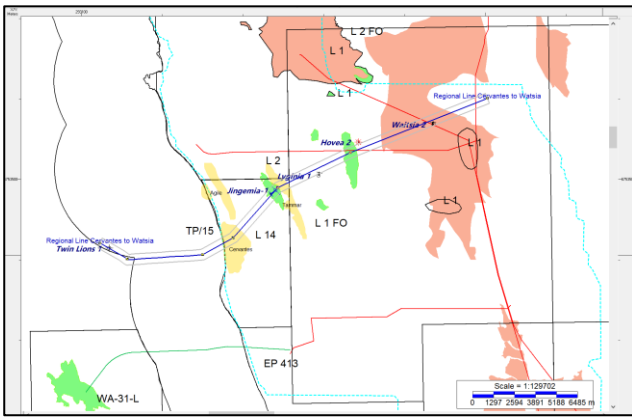


Figure 2 - W-E Section: Twin Lions – Cervantes – Waitsia



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.

ENDS

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