



**METGASCO LTD
AND THE ENTITY IT CONTROLLED
ACN 088 196 383**

**CONSOLIDATED FINANCIAL REPORT
HALF YEAR ENDED
31 DECEMBER 2019**

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1. REVIEW OF ACTIVITIES

The following is an overview of the Company's activities during the half year ended 31 December 2019.

Cooper/Eromanga: ATP2021 farm-out and Vali prospect drilling

On 2 July 2019, Metgasco Ltd (ASX: MEL) ("Metgasco" or the "Company") executed a farm-out agreement including a Joint Operating Agreement (JOA) with Vintage Energy Ltd (ASX: VEN) ("Vintage") over ATP2021 in the Cooper Basin. Vintage to earn a 50% interest (and operatorship) via funding 65% of first well & past licence costs and future seismic re-processing.

On 29 August 2019, Metgasco executed a binding farm-out agreement with Bridgeport (Cooper Basin) Pty Ltd ("Bridgeport") for a further 25% of ATP2021, retaining a 25% non-operated interest. Bridgeport will fund 32.5% of the first exploration well and past licence costs.

Prospective resources attributed to ATP2021 Vali were significantly increased by Vintage following sub-surface work and a letter of intent for a rig to drill Vali-1 was signed.

Vali-1 well operations commenced with the rig being mobilised to site on 17 December 2019. In late December 2019, a plug back and side-track operation was required to correct the well path to remain vertical.

Perth Basin: L14 exploration farm-in

On 9 September 2019, the Company executed a binding farm-in agreement with Jade Energy Holdings' subsidiary RCMA Australia Pty Ltd ("Jade") in respect of the L14 production licence ("L14") located in the northern onshore Perth Basin. Metgasco secured an option to drill the gross P50-15.4 mmbo Cervantes oil prospect exercisable by 15 November 2019 by paying 100% of the well cost for a 60% interest. The deal included the right to drill a 2nd well exercisable by end CY2020. The company has the right to introduce a farminee to share the costs on both exploration wells on the same terms.

On 10 September 2019, the Company released an independent report by RISC Pty Ltd ("RISC") indicating prospective resources on the Cervantes prospect of P50 of gross 17.4mmbo representing a 14% improvement in Metgasco's in-house resource estimates.

On 15 November 2019, a binding term sheet was signed with RCMA Australia Pty Ltd ("Jade") and Vintage Energy Ltd (ASX: VEN) ("Vintage"), with Vintage to fund 50% of the Cervantes exploration well for a 30% participating interest. In addition, Vintage will finance \$200k worth of future exploration costs. Vintage also has the first right of refusal to participate in the optional well in L14 with the same commitment obligations and earned interest proportions as Cervantes. As a result of the introduction of Vintage to the JV the company's cost exposure will reduce to 50% of drilling up-to two wells and its interest will reduce to 30% of any hydrocarbons discovered by these wells.

Cooper/Eromanga: PRL 211 farm-in

On 22 November 2019, the ATP2021 JV executed a term sheet to negotiate a binding farm-in agreement with a subsidiary of Senex Energy Ltd (ASX: SXY) ("Senex") for PRL 211, adjacent to ATP2021 in the South Australian side of the Cooper/Eromanga Basin. Under the agreement the ATP2021 JV pay 100% of the Odin gas exploration well for an 85% licence interest. Metgasco will own net 21.3% of PRL 211 via paying 25% of the well cost. The Odin gas prospect, targeted to spud in late Q2CY2020, straddles both permits.

Cooper/Eromanga: ATP2020

Seismic re-processing work was carried out and has improved the definition of the Loki lead. Additional work to support migration pathways into the structure was completed. Farm-out discussions in relation to the licence continued. Metgasco's ATP2020 Licence allows near term exploration commitments to be deferred to future years.

Cooper Basin: PRL237

The JV has agreed to defer any exploration activities to the 2nd half of FY 2021.

USA Gulf of Mexico: SM74 well

On 5 July 2019, Byron Energy Limited's (ASX:BYE) ("Byron") SM74 D14 BP1 exploration well was drilled to a total depth of 14,933 Measured Depth, having logged wet sands in the primary objectives and failing to identify commercial quantities of hydrocarbons it was decided to plug and abandon the well. On 18 July 2019, Metgasco finalised cost exposure to the SM74 drilling program by reaching a commercial agreement with Byron by which Metgasco paid Byron AUD \$1.75 million on 30 September 2019.

Melbana Take-Over Offer

On 15 July 2019, Metgasco received an unsolicited, conditional takeover offer from Melbana Energy Limited (ASX: MAY) ("Melbana"). Melbana issued its Bidder's Statement on 10 September 2019.

A copy of the Bidder's Statement was dispatched to shareholders on 24 September 2019, and on 25 September 2019 Metgasco made public the unanimous view of the Board that Melbana's offer materially undervalued Metgasco's shares. The Board recommended shareholders take no action until Metgasco's Target's Statement was released.

Metgasco's Target's Statement in connection with the Melbana take-over offer was released to the market on 8 October 2019 and mailed to shareholders on 9 October 2019, with the Board of Metgasco unanimously recommending shareholders reject the Melbana offer. A Supplementary Target's Statement was issued by Metgasco on 24 October 2019 recommending shareholders to reject the Melbana offer

Key dates are detailed in the table below:

Announcement of Melbana's intention to make the Offer	15 July 2019
Bidder's Statement lodged and released	On or around 10 September 2019
Offer Period opens	On or around 24 September 2019
Date of 1 st Supplementary Bidder's Statement	3 October 2019
Target's Statement lodged and released	8 October 2019
Melbana's Extraordinary General Meeting held	14 October 2019
Announcement of Extension of Offer Period	15 October 2019
Date of 2 nd Supplementary Bidder's Statement	16 October 2019
Date of Supplementary Target's Statement	23 October 2019
Final day for Melbana to Waive conditions under the offer	24 October 2019
Second Announcement of Extension of Offer	24 October 2019

Period	
Date of 3 rd Supplementary Bidder's Statement	5 November 2019
Date of 2 nd Supplementary Target's Statement	6 November 2019
Date of 4 th Supplementary Bidder's Statement	23 December 2019
Bid declared unconditional	23 January 2020
Offer Period closes	31 January 2020. Melbana has previously advised Offer Period closes of 15 January 2020, 13 December 2019, 15 November 2019, 1 November 2019 and 24 October 2019. It is possible Melbana may yet further extend the Offer Period close date.
Melbana Energy Shares issued and allotted to Metgasco shareholders (in the event the bid is successful)	No later than 21 days after the Offer Period closes (assuming all conditions of the Offer are satisfied or waived)
Off-market takeover bid closed	31 January 2020

Byron Shares & In-Specie Distribution of Byron Shares to Metgasco Shareholders

On 18 September 2019, the Company disposed of 8 million Byron shares, realising approximately \$2.72 million. Funds raised were applied to discharge the residual SM74 \$1.75 million debt and to general working capital purposes.

In October 2019, Metgasco proposed an in-specie distribution of Byron shares. Legal and tax advice was sought for the distribution. In December the quantum of shares to be returned was reduced to 20 million to enable the Company to fund an additional exploration farm-in the Cooper/Eromanga. The in-specie return will be presented at an EGM shareholders' meeting which is now planned for Q2 2020.

Corporate Activities

Metgasco's Annual General Meeting was held on 28 November 2019. Both resolutions, being the re-election of Mr. Amery and the remuneration report, were passed.

In December 2019, Metgasco's CEO terms of employment were updated increasing his time commitment from 0.8 Full Time Equivalent (FTE) to 1.0 FTE. Overall remuneration, on an annualised FTE basis, remained unchanged

2. DIRECTORS' REPORT

Your Directors present their report together with the consolidated financial statements of Metgasco Ltd ("Metgasco" or "Company") and its controlled entity (collectively referred to as "the Group") for the half year ended 31 December 2019.

Directors

The names of persons who were Directors of Metgasco at any time during the half year and up to the date of this report are as follows:

Mr Philip Amery – Non-Executive Director, Chairman

Mr John Patton – Non-Executive Director

Mr Robbert Willink – Non-Executive Director

Principal Activities

Metgasco's principal activity is investment in the exploration, appraisal, development and commercialisation of oil and gas assets. The Group is also seeking additional investment opportunities.

Review of Operations

Information related to the operational performance of the Group is provided on page 3 of this Half Year Report.

Financial Results

The operating loss for the period was \$298,545 which included an unrealised profit from its investment in Byron Energy Limited of \$788,668, and unfavourable fair value movement of \$422,271 in respect of the finalisation of the Byron Energy Limited convertible note facility.

The Group ended the period with a cash balance of \$437,094 and no debt. The cash balances were held as cash at bank. Other financial assets of the Company are detailed in the Consolidated Statement of Financial Position (Page 10) and the accompanying notes.

Likely Developments

In CY2020, the Company is planning and funded to drill at least two exploration wells: Odin in PRL211 and Cervantes. The completion and testing of the Vali-1 ST1 well is planned in first half of CY2020. A decision will be made in the first half of 2020 on whether to continue holding the ATP2020 licence based on further technical work on the licence and success on securing a farminee. A decision on the right to drill a 2nd exploration well on L14 will be made in CY2020.

The Company continues to seek new exploration, development and production opportunities within 2020.

Significant Events Subsequent to 31 December 2019

ATP2021

On 16 January 2020, gas was discovered at Vali-1 ST1 in the primary Patchawarra Formation target. The well has been cased and suspended for future testing and production. Laboratory analysis is currently underway. Analysis of the data gathered indicated the discovery of over 35 metres of potential net gas pay.

L14

A re-stated L14 Western Flank farm-out agreement with Jade and Vintage was executed on 20 January 2020. The farm-out agreement commits Metgasco and Vintage to drilling, in Q3 CY2020, the Cervantes oil prospect in the L14 production licence. 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.

Melbana Take-Over Offer

On 5 February 2020, Melbana Energy Limited announced to the ASX that the off-market takeover bid closed at 7:00pm on 31 January 2020 and that Melbana Energy Limited received acceptances in respect of 27.81% of the ordinary shares in Metgasco Ltd.

Office Relocation

The Company's head office was relocated from Sydney to West Perth, Western Australia on 17 February 2020 to support increasing work activity on the Cervantes oil exploration project.

Auditor's Independence Declaration

A copy of the independence declaration by the lead auditor under Section 307C is included on page 8 to this Half Year Report.

Signed in accordance with a resolution of the Directors.

Dated at Sydney on 11 March 2020.



Philip Amery
Chairman

Auditor's Independence Declaration

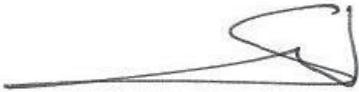
To the Directors of Metgasco Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Metgasco Limited for the period ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



N P Smietana
Partner – Audit & Assurance

Sydney, 11 March 2020

4. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated Entity Half Year	
		31 December 2019	31 December 2018
		\$	\$
Interest income	4	5,416	303,515
Other income	4	1,186	247,154
Fair value movement derivative asset	6	(422,271)	(1,165,828)
Fair value movement on long term investments	5	788,668	(5,495,787)
Realised gain on sale of long term investments	5	468,000	-
Depreciation		(1,861)	(1,784)
Professional fees		(246,367)	(62,501)
Exploration expenditure expensed		(55,211)	-
Impairment of capitalised exploration costs		-	(1,815,259)
Realised loss on sale of exchange traded bonds		(68,030)	-
Administration expenses		(768,075)	(598,850)
Loss before income tax expense		(298,545)	(8,589,340)
Income tax expense		-	-
Loss after tax from continuing operations		(298,545)	(8,589,340)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Financial assets at FVOCI reserve recycled to profit or loss		59,812	-
Loss on fair value movement in traded bonds		-	(11,850)
Total comprehensive income for the half year		(238,733)	(8,601,190)
Earnings per share attributable to ordinary equity holders of Metgasco Ltd			
		\$	\$
Basic (loss) / profit per share (cents)	11	(0.001)	(2.192)
Diluted (loss) / profit per share (cents)	11	(0.001)	(2.192)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

5. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Consolidated Entity	
	Note	31 December 2019 \$	30 June 2019 \$
Assets			
Current assets			
Cash and cash equivalents		437,094	1,803,197
Short term investments	5	-	1,393,540
Investment in listed securities	5	12,994,779	4,500,000
Trade and other receivables		65,048	121,931
Total current assets		13,496,921	7,818,668
Non-current assets			
Exploration and evaluation expenditure	7	1,405,466	1,298,423
Plant and equipment		4,096	5,957
Other receivables	8	24,000	24,000
Financial derivative asset	6	-	422,271
Investment in listed securities	5	-	7,196,681
Total non-current assets		1,433,562	8,947,332
Total assets		14,930,483	16,766,000
Liabilities			
Current liabilities			
Trade and other payables		283,898	1,882,919
Total current liabilities		283,898	1,882,919
Non-current liabilities			
Provisions		23,817	21,580
Total non-current liabilities		23,817	21,580
Total liabilities		307,715	1,904,499
Net assets		14,622,768	14,861,501
Equity			
Contributed equity	9	111,100,469	111,100,469
Financial assets at FVOCI reserve		-	(59,812)
Accumulated losses		(96,477,701)	(96,179,156)
Total equity		14,622,768	14,861,501

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

6. CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Consolidated Entity Half Year	
	31 December 2019 \$	31 December 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(814,351)	(801,553)
Other income	-	30,000
Interest received	8,392	385,967
	<hr/>	<hr/>
Net cash (outflow) from operating activities	(805,959)	(385,586)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on exploration, evaluation and decommissioning	(1,912,254)	(2,593,212)
Purchase of listed investments	(2,800,000)	-
Sale of listed investments	4,152,110	-
Repayment of convertible note facility	-	2,000,000
Security bond movement	-	11,000
	<hr/>	<hr/>
Net cash (outflow) from investing activities	(560,144)	(582,212)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Return of capital	-	(132,214)
	<hr/>	<hr/>
Net cash (outflow) from financing activities	-	(132,214)
	<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD	(1,366,103)	(1,100,012)
Net cash at beginning of period	1,803,197	6,777,906
	<hr/>	<hr/>
NET CASH AT END OF PERIOD	437,094	5,677,894
	<hr/>	<hr/>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

7. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	<i>Contributed Equity</i>	<i>Accumulated Losses</i>	<i>Available for Sale Reserve</i>	<i>Financial Assets at FVOCI reserve</i>	<i>Total Equity</i>
	\$	\$	\$	\$	\$
At 1 July 2018 (reported)	111,232,683	(92,818,511)	10,800,645	-	29,214,817
Adjustment from adoption of AASB9	-	10,862,644	(10,800,645)	(61,999)	-
Adjusted balance at 1 July 2019	111,232,683	(81,955,867)	-	(61,999)	29,214,817
Loss for the period	-	(8,589,340)	-	-	(8,589,340)
Other Comprehensive Income	-	-	-	(11,850)	(11,850)
Sub-total	-	(8,589,340)	-	(73,849)	(8,663,189)
Share buyback	(132,214)	-	-	-	(132,214)
At 31 December 2018	111,100,469	(90,545,207)	-	(73,849)	20,481,413
Loss for the period	-	(5,633,949)	-	-	(5,633,949)
Other Comprehensive Income	-	-	-	14,037	14,037
Sub-total	-	(5,633,949)	-	14,037	(5,619,912)
At 30 June 2019	111,100,469	(96,179,156)	-	(59,812)	14,861,501
Loss for the period	-	(298,545)	-	-	(298,545)
Other Comprehensive Income	-	-	-	59,812	59,812
Sub-total	-	(298,545)	-	59,812	(238,733)
At 31 December 2019	111,100,469	(96,477,701)	-	-	14,622,768

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

8. NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Note 1. Summary of Significant Accounting Policies

These interim financial statements of Metgasco Ltd (“Metgasco” or “Company”) and its controlled entity (collectively referred to as “the Group”) for the half year reporting period ended 31 December 2019 have been prepared in accordance with AASB134 “Interim Financial Reporting” and the Corporations Act 2001. They are presented in Australian Dollars (\$) which is the functional currency of the parent company. The historical cost basis has been used.

These interim financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by Metgasco during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half year financial statements as those employed in the Group’s annual financial statements for the year ended 30 June 2019.

AASB 16 - Leases

This is the first set of the Company’s financial statements where AASB16 Leases have been applied from 1 July 2019. AASB 16 Leases introduced a single, on-balance sheet accounting model for lessees.

As at 1 July 2019, AASB 16 did not have any impact on the Company as the Company has only a monthly rental agreement and no formal lease agreement. It was also the Company’s intention to relocate its head office to Perth. This decision was announced in February 2020.

Interpretation 23 - Uncertainty on income tax treatments

The adoption of Interpretation 23 has not resulted in any changes to the Company’s accounting policies and has no effect on the amounts reported for the current or prior periods. The Company will continue to monitor the availability and accessibility of its tax losses under the same business test and the continuity of ownership test.

Going concern

The Directors note that as at 31 December 2019, the Company has a cash position of \$437,094 and incurred net cash outflows from operating activities of \$805,959 for the 6 months period ended 31 December 2019. The Directors are satisfied the Company can continue its operations on the basis that the Company has an investment of \$12,994,779 in listed shares that can be disposed as required.

The interim Financial Statements have been approved and authorised by the Board of Directors on 11 March 2020.

Note 2. Significant Events and transactions

Please refer to section 1 – ATP2021, L14 and PRL211 transactions.

The Company continued with its strategy of reviewing a number of opportunities in the Oil & Gas sector and each opportunity has been reviewed for its potential to deliver short term reliable returns, long term growth opportunities and an appropriate risk / reward balance.

Note 3. Segment Information

The operations of the Group were conducted wholly within Australia.

The group has adopted AASB 8 Operating Segments from 1 July 2009 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the executive management team that makes strategic decisions.

The Company is operated under one business segment which is investment in the exploration, appraisal, development and commercialisation of oil and gas assets.

Note 4. Interest Income and Other Income

	31 December 2019 \$	31 December 2018 \$
Interest income	5,416	303,515
	5,416	303,515
Other income	1,186	247,154
	1,186	247,154

Note 5. Investments

	31 December 2019 \$	30 June 2019 \$
Investment in traded bonds (current)		
Opening balance	1,393,540	2,116,658
Acquired during the period	-	-
Sold during the period	(1,395,330)	(725,305)
Movement in fair value	1,790	2,187
	-	1,393,540
Investment in Listed Securities		
Opening balance	11,696,681	13,453,435
Acquired during the period	2,800,000	2,000,000
Sold during the period	(2,758,570)	(1,680,000)
Realised gain/(loss) on sale	468,000	(450,000)
Movement in fair value	788,668	(1,626,754)
	12,994,779	11,696,681

Note 6. Financial Assets

The derivative asset relates to 10 million options granted by Byron Energy Limited to the Company on 21 July 2016 which are recorded at fair value at grant date based on an independent valuation. They are to be revalued at each reporting period with any change being recorded in the profit and loss. The options are non-transferable unlisted options with an exercise price of \$0.25 per share and a three-year expiry. The options were exercised on 18 July 2019.

	31 December 2019 \$	30 June 2019 \$
Fair value at the beginning of the period	422,271	1,548,478
(Loss) / Profit on fair value movement of derivative asset	(422,271)	(1,126,207)
Total	-	422,271

Note 7. Exploration and Evaluation Expenditure

	31 December 2019 \$	30 June 2019 \$
Expenditure for the entities operations		
Movement during the financial period (at cost):		
Opening balance	1,298,423	534,987
Capitalised exploration expenditure	107,043	11,003,143
Impairment	-	(10,239,707)
Carrying amount at end of half year	1,405,466	1,298,423
Carrying amount - Australia	1,405,466	1,298,423
Carrying amount - USA	-	-
	1,405,466	1,298,423

Note 8. Contingent Assets and Liabilities

An amount of \$24,000 is included in the consolidated statement of financial position under Trade and other receivables, relating to security deposits held by the Queensland Government. This amount is also disclosed as a contingent liability because these amounts may become payable if the Company does not meet certain conditions contained in legal agreements. The detail of the contingent liability is as follows.

Classed as Trade and Other Receivables - Non-current

Security bonds non-current \$24,000

Note 9. Contributed Equity

Ordinary Shares	No of Shares		Value	
	Half Year Ended 31 Dec 2019	Year Ended 30 June 2019	Half Year Ended 31 Dec 2019	Year Ended 30 June 2019
Opening Balance	390,601,434	390,601,434	111,100,469	111,100,469
Shares cancelled	-	-	-	-
Return of capital /buyback	-	-	-	-
Closing Balance	390,601,434	390,601,434	111,100,469	111,100,469

Options (not quoted on ASX)	No of Options Half Year Ended 31 Dec 2019	No of Options Year Ended 30 June 2019
Opening balance	-	-
Exercised by employees	-	-
Options lapsed	-	-
Closing balance	-	-

Note 10. Fair value measurement

Fair value measurement of financial instruments

Financial assets measured at fair value in the statement of financial position are grouped into three (3) levels of fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3:** unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 December 2019 and 30 June 2019:

31 December 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Exchange Traded Bonds	-	-	-	-
Listed Securities	12,995	-	-	12,995
Convertible Note	-	-	-	-
Derivative asset	-	-	-	-
Total assets	12,995	-	-	12,995
Net fair value	12,995	-	-	12,995
30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Exchange Traded Bonds	1,394	-	-	1,394
Listed Securities	11,697	-	-	11,697
Derivative asset	-	-	422	422
Total assets	13,091	-	422	13,513
Net fair value	13,091	-	422	13,513

Note 11. Earnings Per Share

	31 December 2019	30 June 2019
Reconciliation of earnings used in calculating earnings Per share		
Basic earnings per share		
Loss attributable to owners of Metgasco Ltd used to calculate basic	<u>(298,545)</u>	<u>(14,223,289)</u>
Diluted earnings per share		
Loss attributable to owners of Metgasco Ltd used to calculate diluted earnings per share	<u>(298,545)</u>	<u>(14,223,289)</u>
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	390,601,434	390,714,337
Loss per share (cents)	<u>(0.001)</u>	<u>(3.64)</u>

There are no options.

Note 12. Interests in Tenements

As at 31 December 2019, the Company held interests in tenements as shown in the table below:

Tenement Listing			
Tenement Reference	Location	Nature of Interest	Interest at 31 December 2019
Byron Energy Limited			
SM74	USA, GoM	30% working interest and 24.37% net revenue interest	30%
Bivouac Peak Private Landowner Leases	USA, GoM	10% working interest and 7.5% net revenue interest	0% -due to relinquishment of private leases.
Cooper/Eromanga			
ATP2020	QLD	100% owner & Operator of Licence	100%
ATP2021	QLD	25% working interest in Licence	25%* *Subject to Govt licence transfer approval to Bridgeport
PRL 211	SA	Farm in. Pay 25% of well for 21.25% of licence interest.	21.25%* subject to agreement and government licence transfers.
PRL 237	SA	20% Working Interest in Licence	20%
Perth Basin			
Cervantes Prospect in Western Flank area in L14 Production Licence	WA	60% interest in structural Hydrocarbons discovered	30%* *Farm Out to Vintage 15 November
2 nd Exploration Prospect in L14 Production Licence	WA	60% interest in structural Hydrocarbons discovered	Option right to 60% interest by paying 100% of well cost via exercising well option from 1 st April to 31 st December 2020- Vintage have the first option to participate in the well

Note 13. Commitments

At 31 December 2019 Metgasco has commitments on the ATP2021 and ATP2020 licences (Note: these licences allow near-term exploration commitments to be deferred to future years). In CY 2020 the L14 Cervantes exploration well is planned to be drilled as well as the Odin exploration well on PRL211.

In relation to ATP2020, ATP2021, PRL 237, PRL 211 and L14 (Cervantes), the below table summarises Metgasco's commitments over the next five years.

	31 December 2019	30 June 2019
	\$'000	\$'000
Minimum Exploration & Evaluation Expenditure for Exploration Tenements		
Within one year	1,566	5,925
Year 2 to Year 4	16,700	14,185
Over 5 years	-	-
Total	18,266	20,110

Note 14. Events after the Reporting Date

ATP2021

On 16 January 2020, gas was discovered at Vali-1 ST1 in the primary Patchawarra Formation target. The well has been cased and suspended for future testing and production. Laboratory analysis is currently underway. Analysis of the data gathered indicated the discovery of over 35 metres of potential net gas pay.

L14

A re-stated L14 Western Flank farm-out agreement with Jade and Vintage was executed on 20 January 2020. The farm-out agreement commits Metgasco and Vintage to drilling, in Q3 CY2020, the Cervantes oil prospect in the L14 production licence. 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.

Melbana Take-Over Offer

On 5 February 2020, Melbana Energy Limited announced to the ASX that the off-market takeover bid closed at 7:00pm on 31 January 2020 and that Melbana Energy Limited received acceptances in respect of 27.81% of the ordinary shares in Metgasco Ltd.

Office Relocation

The Company's head office was relocated from Sydney to West Perth, Western Australia on 17 February 2020 to support increasing work activity on the Cervantes oil exploration project.

9. DECLARATION BY DIRECTORS

The Directors of Metgasco Ltd declare that:

1. The financial statements comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity and notes to the consolidated financial statements of the consolidated entity are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards AASB134 Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Philip Amery
Chairman

Sydney, 11 March 2020

Independent Auditor's Review Report

To the Members of Metgasco Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Metgasco Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Metgasco Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Metgasco Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



N P Smetana
Partner – Audit & Assurance

Sydney, 11 March 2020

11. CORPORATE DIRECTORY

Directors:	Philip Amery	Chairman
	John Patton	Non-Executive Director
	Robbert Willink	Non-Executive Director
Chief Executive Officer:	Ken Aitken	
Company Secretary:	Mark Langan Paul Bird	
Home Stock Exchange:	Australian Securities Exchange (ASX) 4 Bridge Street Sydney NSW 2000	
ASX Symbol:	MEL	
Registered Office:	Level 12, 680 George Street Sydney NSW 2000	
	Telephone:	+61 8 6245 0060
	Website:	www.metgasco.com.au
	Email:	info@metgasco.com.au
Share Registry:	Link Market Services Limited Level 12, 680 George Street Sydney, NSW 2000	
Auditors:	Grant Thornton Audit Pty Ltd Level 17, 383 Kent Street Sydney NSW 2000	
Bankers:	National Australia Bank Level 17, 500 Oxford St Bondi Junction NSW 2022	
Australian Company Number:	ACN 088 196 383	
Australian Business Number:	ABN 24 088 196 383	
Date and Place of Incorporation:	22 June 1999, Sydney, Australia	