



ASX / MEDIA RELEASE

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SOUTH MARSH ISLAND 74 D-14 Well Commences Drilling

- **Highly Prospective SM74 D-14 exploration well has commenced drilling**
- **The Byron operated well is being drilled from Ankor's SM73 D platform, utilising White Fleet Drilling 350 jack-up rig**
- **Program design is expected to deliver significant capital savings and reduced cycle time to first production if hydrocarbons are discovered**

Metgasco Ltd (ASX:MEL) (Metgasco, or, the Company) is pleased to announce that Byron Energy Limited (ASX:BYE), operator of the South Marsh Island 74 block ("SM74"), commenced drilling operations on the SM74 D-14 well as of 0200 hrs US Central Daylight Time on 15th May 2019. The well is being drilled using the White Fleet Drilling 350 jack-up rig and is the first test well on the South Marsh Island 74 ("SM74") block and has drilled to 825' Measured Depth ("MD"). Current operations are preparing to run and cement 20" conductor pipe.

The SM74 D-14 well is being drilled from the SM73 D platform. As previously announced on 19 September 2018, the operator signed an agreement with Ankor Energy LLC, the offset operator of SM73, to drill from and, in the success case, produce through, the SM73 D platform. This arrangement significantly reduces the threshold of economic reserves by eliminating the need to build a new platform and offers material capital savings, as well as reducing the cycle time to first production if hydrocarbons are discovered.

The Raptor prospect that is being drilled by SM74 D-14 will be drilled to a depth of 16,464 feet Measured Depth ("MD") (14,741 feet True Vertical Depth) and is expected to take approximately 45 days. The SM74 D-14 well will test multiple seismic amplitude supported target sands with mapped gross prospective resource potential of 5.2 million barrels of oil ("mmbo") and 13.2 billion cubic feet ("bcf") of gas, 1.56 mmbo and 3.96 bcf net to Metgasco.* The equivalent target section is an established producer in fields to both the east and west of the SM73 Field, but has been sparsely tested within the SM73 field.

In July 2018, Metgasco farmed-in for a 30% working interest ("WI") in SM74 block (24.37% net revenue interest) via funding 40% of the approx. US\$11 million dry hole cost of the Initial Test Well (SM74 D-14) to casing point. Byron Energy Limited will pay the remaining 60%. Both companies will then bear their respective working interests costs after the SM74 D-14 is drilled to total depth.

Metgasco has fully funded its share of the Raptor AFE from existing cash reserves and remains adequately funded through its farm-out and work program in the Cooper Basin, as well as continuing new business development activities. A modest portion of Metgasco's liquid corporate bond assets were recently disposed of for cash (for a small mark-to-market gain) to increase at-call cash assets of the Company.

Metgasco will issue progress reports on the SM74 D-14 well as material developments occur.

Ken Aitken, CEO of Metgasco commented: "We are pleased that the rig has now commenced drilling operations on this high quality exploration prospect with multiple stacked objective targets in the 13,000', 13,500' and the 13,750' sands identified by Reverse Time Migration (RTM) seismic. Drilling the well from the existing platform, on success, will allow a rapid transition to production and be transformational for Metgasco as the anticipated positive cash flow generated will facilitate planned exploration drilling in the Cooper Basin and future business growth opportunities currently under consideration."

Contact and further information:

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

ENDS

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*Byron Energy's 2018 Annual Reserves and Resources Report was released to the ASX on 19 September 2018. The report was prepared by Collarini Associates ("Collarini"), an independent petroleum engineer, based in Houston, Texas, USA, with an effective date of 30 June 2018. Byron Energy confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements in respect to SM 74 and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.