

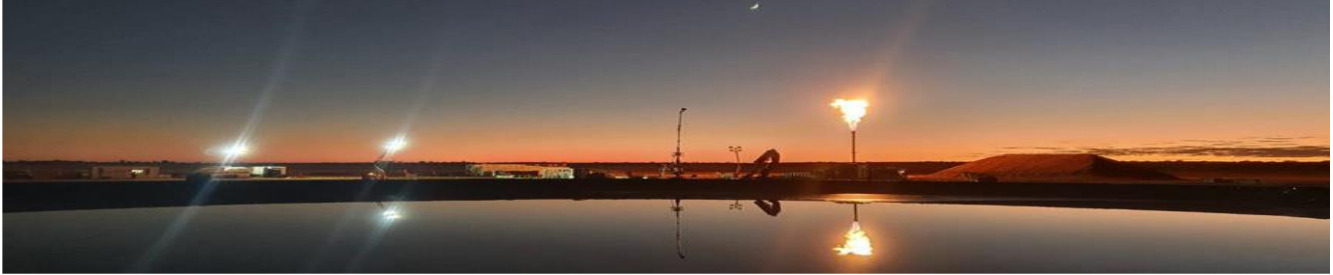
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23 July 2021

QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 30 JUNE 2021



Gas discovery success in three well CY21 Cooper drilling program positions Metgasco for robust growth

Metgasco CEO Ken Aitken: “Metgasco’s operational activities over the last quarter have been very successful, with the Cooper Basin three-well drilling program delivering a 100% success rate and the associated gas discoveries exceeding pre-drill expectations. The PRL211 and ATP2021 joint venture partners are now prioritising an independent reserve/resource review which is anticipated to increase previously booked gas reserves. Gas sales negotiations are progressing, supported by robust East Coast gas market prices and supply/demand dynamics. This year’s drilling results are expected to support Metgasco and its partners progressing to Final Investment Decision (FID) for the Vali/Odin gas discoveries later this year, paving the way for future gas sales revenue in the first half of 2022.”

Key activities for the quarter ended 30 June 2021 (“Quarter”) comprised:

Vali/Odin (ATP2021/PRL211):

- Vali-2 well results delivered 150 m of net pay, primarily in the Toolachee and Patchawarra;
- A gas sample was recovered from the Toolachee, indicating potential conventional gas production;
- The Odin-1 well results delivered results confirmed 172.5m of net gas pay in the Toolachee, Patchawarra and Epsilon formations, exceeding pre-drill expectations;
- Gas samples were recovered from the Toolachee/Epsilon formations of Odin-1, indicating potential conventional gas production potential;
- Vali-3 well results confirmed gas pay in the Patchawarra, in line with pre-drill expectations;
- The 2021 drilling campaign was delivered to industry best practice, safely, and a timely manner.

Cervantes (L14):

- Progressed environmental and safety drilling approval applications with state government authorities, with final approvals anticipated in late Q3 /early Q4 CY2021;
- Rig contracting negotiations continued with other Perth Basin Operators and rig operators;
- Drilling now anticipated in late Q4 CY2021/Q1 CY2022, subject to approvals, and rig availability.

Loki (ATP2020):

- ATP2020 Farm-out process continued during the quarter with a number of qualified parties in the data room;
- 100% owned prospective resources for Loki are estimated at recoverable oil and gas resources Best (P50) 6.4mmbo and 13.1bcf respectively.

The Quarter's activities and subsequent events are detailed below:

Cooper/Eromanga Basin Exploration Licence - ATP2021:

The SLR 184 rig was mobilised to the Vali-2 location and commenced drilling the Vali-2 appraisal well on 22 April 2021. Vali-2 was drilled safely and ahead of schedule to a total depth of 3,240m and cased for production.

Wireline logging confirmed the presence of gas in both the Toolachee and Patchawarra formations, as well as the Tirrawarra Sandstone, with a gas sample recovered via MDT from the Toolachee. Vali-2 has 24 metres of stacked net gas pay in the Toolachee Formation, with an 8% porosity cut-off, which is distributed between three thick sandstone packages and five thinner ones. A gas gradient was established through MDT pressure measurements and a gas sample recovered.

Analysis of the sample indicates the Toolachee gas has a higher percentage of hydrocarbons at 82% (75% methane, 4% ethane, 3% other hydrocarbons) and 18% inert gases, compared with the Patchawarra gas in Vali-1 ST1, which has around 76% hydrocarbons and 24% inert gases.

The wireline logging and MDT results indicate that the Toolachee reservoir may flow without the need for well stimulation.

The Patchawarra Formation is estimated to have 117 metres of conventional and low permeability net gas pay, with a 6% porosity cut off (80 metres in Vali-1ST1 with a 6% porosity cut off), that is distributed over 18 sandstone packages, with the Tirrawarra Sandstone having nine metres of conventional and low permeability net gas pay (two metres in Vali-1 ST1), both of which had a 6% porosity cut off. Production from these formations is expected to be optimised by future well stimulation.

Following the successful results of Vali-2 the ATP2021 JV decided to drill an additional Vali-3 appraisal well following the Odin-1 exploration well.

Vali-3 was spudded on Wednesday the 9th June and reached total depth of 3186m on Monday 28th June. The wireline logging evaluation was successfully completed and the well cased and suspended.

The main objective of the Vali-3 well was achieved following the intersection of the Patchawarra Formation in line with the pre-drill interpretation of the Vali structure. Evaluation of the recently completed wireline logging program has confirmed interpreted gas pay within the Patchawarra, consistent with pre-drill expectations and the location of the well within the field.

During Vali-3 drilling, further gas shows were observed in the lower Nappamerri Group, Toolachee and Epsilon formations, and the Tirrawarra Sandstone. Samples collected from the Nappamerri Group and Toolachee Formation during the evaluation program will be analysed to determine whether gas pay can be interpreted in any of the sands in these zones. The results will be advised on completion of the laboratory analysis anticipated in the 2nd half of July.

Oil shows were observed in Vali-3 through the late Cretaceous, Jurassic and Triassic sediments, as well as the uppermost Permian aged Toolachee Formation. Similar shows were encountered in both the Vali-2 and Vali-3 wells and are a major positive in terms of oil potential within the ATP 2021 permit, with more than 12 oil leads identified in ATP 2021.

Despite there being no mappable Jurassic structural closure around the three Vali wells, a particularly good oil show was observed within the McKinlay Member in Vali-3 and sampling recovered water, likely mud filtrate, with hydrocarbon odour and blue-white fluorescence.

This suggests that oil has migrated through this area and increases the prospectivity of the Jurassic structural closures nearby.

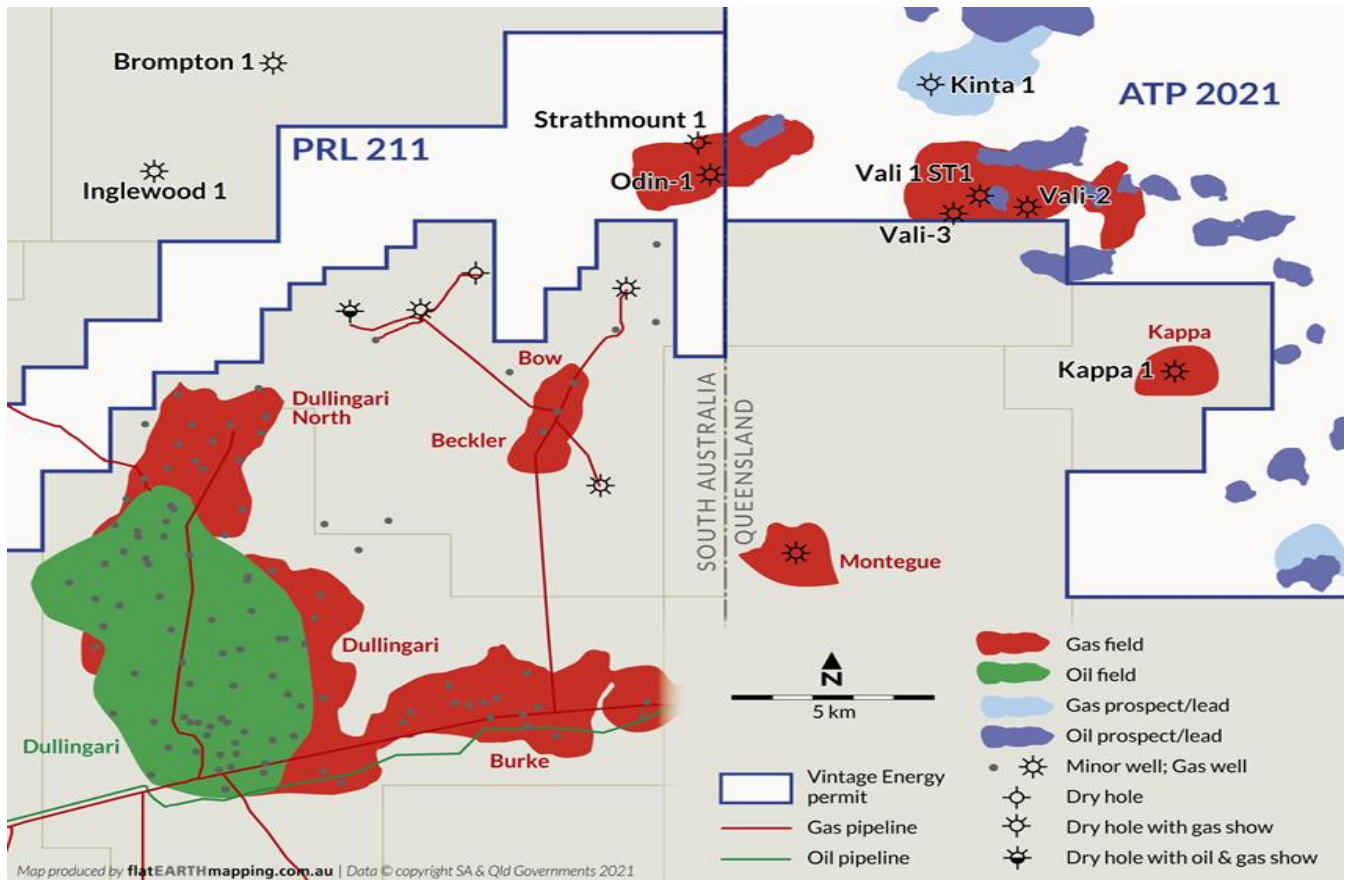


Figure 1: Cooper Basin permits PRL 211 and ATP 2021 including well locations Odin-1, Vali-1 ST1, Vali-2 and Vali-3 Source: Vintage

In December 2020 ERC Equipoise Pte Ltd (“ERCE”) has certified 1P, 2P and 3P reserves for the Patchawarra Formation only. In its report “ERCE” has independently certified 33.2 PJ of gross 2P gas reserve in the Patchawarra Formation of the Vali Gas Structure. (refer: ASX release 14 December 2020). Metgasco has a 25% net working interest share and accordingly a net 2P gas reserve of 8.3 PJ (See Tables 1&2 below).

The well evaluation data from Vali-2 & Vali-3 has been supplied to ERCE to provide an independent gas reserve assessment with results expected in August. The better than anticipated results provide confidence that the assessment will result in an increase in Vali reserves.

Table 1&2 Vali Field Gross and Net Reserves (pre Vali-2 and Vali-3 drilling):

	Gross ATP 2021 Vali Gas Field Patchawarra Formation (1 December 2020)		
	1P	2P	3P
Reserves (Bscf)	12.3	30.3	78.9
Reserves (PJ)	13.4	33.2	86.6

	Net ATP 2021 Vali Gas Field Patchawarra Formation (1 December 2020)		
	1P	2P	3P
Reserves (Bscf)	3.1	7.6	19.7
Reserves (PJ)	3.4	8.3	21.6

1. Reserves estimates reported here are ERCE estimates, effective 1 December 2020.
2. The Reserves above may change based on data gathered from the drilling of Vali-2 and Vali-3, the analysis of which is not yet complete
3. Reserves estimates have been made and classified in accordance with the Society of Petroleum Engineers (“SPE”) Petroleum Resources Management System (“PRMS”).
4. Net Reserves attributable to Metgasco represent the fraction of Gross Reserves allocated to Metgasco, based on its 25% interest in ATP 2021.
5. Allowance for Fuel and Flare has been made.
6. Conversion of Bscf to PJ has been estimated based on gas sampled and measured from Vali-1 ST1.
7. ERCE Reserves presented in the tables are the totals for all 20 Patchawarra reservoir intervals.

Metgasco would like to thank operator Vintage and all contractors involved for completing the Cooper Basin CY21 campaign to an industry best practice in a safe and timely manner. The Joint venture is excited by the continued success from its CY21 drilling program and is currently progressing the key catalysts to enable Vali FID decision anticipated in early Q4 CY21. These catalysts are;

- Securing a gas sales agreements with customers.
- Agreeing a processing tariff with Santos via their Moomba production facility.
- Finalising the flowline sizing and route as well as commercial funding alternatives

Metgasco are confident that the ATP2021 JV will reach FID leading to a circa 20 year Vali production hub starting production in late Q2 CY22 providing inaugural gas revenue to the business.

Cooper/Eromanga Basin Exploration Licence - PRL211:

During the quarter Beach Energy purchased Senex’s licence interest in PRL211 as part of a wider Cooper Basin sales transaction. Under the FIA, Vintage Energy is the operator with a 42.5% working interest, Metgasco with 21.25%, Bridgeport Energy with 21.25% and Beach Energy with 15%, with Beach Energy to be free carried through the drilling of the first well.

Under the terms of the farm-in, the well was planned to be drilled in the Odin structure (with Metgasco paying 25% of the estimated cost of the well, approximately \$1.1 million net) for a 21.25% equity interest in PRL 211. All further work, including the potential to stimulate, complete and flow test the Odin well will revert to normal equity share.

The Odin-1 exploration well was spud using the SLR184 rig on 15th May and reached total depth at 3,140 metres on 26 May 2021(see Figure 1), with extensive gas shows encountered in sandstones through the primary target Toolachee and Patchawarra formations, as well as a basal sand in a secondary target in the Epsilon Formation.

It is estimated that **172.5 metres** of net gas pay exists within various sections of the well, which is made up of the following intervals:

- Toolachee Formation conventional pay: 37 metres (porosity greater than or equal to 8%)
- Epsilon Formation conventional pay: 4.5 metres (porosity greater than or equal to 8%)
- Patchawarra Formation conventional and low permeability pay: 126 metres (porosity greater than or equal to 6%)
- Tirrawarra Sandstone conventional and low permeability pay: 5 metres (porosity greater than or equal to 6%)

The analysis of the gas sample recovered from the Toolachee Formation highlights the richer hydrocarbon content of this formation when compared with the Epsilon and Patchawarra formations, with the composition of the samples being:

- Toolachee Formation gas sample: 83% hydrocarbons (79% methane, 3% ethane and 1% other) and 17% inerts;
- Epsilon Formation gas sample: 77% hydrocarbons (75% methane, 2% ethane) and 23% inerts (similar to Patchawarra Formation samples from previous wells)

Odin-1 addressed a fault bounded Patchawarra Formation closure, up dip of Strathmount-1, a well drilled in 1987 and plugged and abandoned after discovering what was then considered a non-commercial hydrocarbon accumulation.

Resource numbers for the Odin Field (table-3 below) will be independently updated, and a reserve certification made in August 2021. The Odin-1 well results indicate a potential resource upgrade closer to the pre-drill high estimate.

Table 3 - Odin gross and net prospective resources(prior to drilling Odin-1):

Odin Prospect Prospective Resources ¹	1U	2U	3U
	Low Estimate	Best Estimate	High Estimate
Toolachee Bcf	1.2	4.1	13.5
Patchawarra Bcf	2.4	8.5	29.1
Total Gross Recoverable Gas (Raw) Bcf	3.6	12.6	42.6
Net To Metgasco (Raw) Bcf	0.8	2.8	9.5

¹Volumetric estimates as calculated by operator Vintage Energy. 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 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 gas attributable to JV gross (100%) and Metgasco net interest (25%) in the Odin prospect as of 14 October 2019. The resources have been classified and estimated in accordance with the Petroleum Resource Management System (PRMS). The prospective resources above may change based on data gathered from the drilling of Odin-1, the analysis of which is not yet complete.

Cooper/Eromanga Basin Exploration Licence – ATP 2020:

The ATP2020 licence is 535km² in area and was granted 100% to Metgasco in 2018(refer Figure 2 below). A geological and engineering review of all wells previously drilled in the permit has been carried out. A review of publicly available exploration and production data from neighbouring blocks has also occurred.

The licence is in close proximity to areas of hydrocarbon sources and consider that a relatively low cost shallow well can drill both the oil and gas geological targets identified in the Loki prospect. A Native Title Agreement is in place. The area is underexplored with limited activity over the last 30 years. A gas pipeline traverses the permit and an oil pipeline is close to the Licence. The primary gas target is the Toolachee sands and the primary oil target is the Jurassic Cretaceous sands. Both of these sands have commercially produced hydrocarbons in the vicinity of ATP2020 at the Wareena gas field and the Toby oil and gas field. Metgasco's sub-surface work indicates that the Loki prospect extends into a neighbouring un-licenced area and has commenced an application with the regulator to secure tenure.

Metgasco have initiated a farm-out process of the ATP2020 Licence, and a number of parties are currently reviewing the data room.

In the March 2021 quarter prospective resources were estimated for the Loki prospect . These estimates are based on our in-house geo-science evaluation of the prospective oil and gas resources contained within the Loki prospect following re-processing of legacy 2D seismic data (refer Tables 3 & 4 below).

Table 3&4 ATP 2020 Cooper / Eromanga Prospective Resources:

	Loki Prospect – Permian Gas-Toolachee			COS(%)
	Low(P90)	Best (P50)	High(P10)	
OGIP(Raw) Bcf	4.5	22.1	68	
Recoverable Gas (Raw) Bcf	2.6	13.1	40.7	16

	Loki Prospect -Eromanga Oil- Hutton and Wyandra			COS(%)
	Low(P90)	Best(P50)	High(P10)	
OOIP MMbbl	7.5	26.7	57.8	
Recoverable Oil MMbbl	1.8	6.4	14.8	Wyandra 15 Hutton 13

1. 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
2. The Prospective resource estimates reported here are probabilistic in nature and are recoverable raw gas and oil attributable to Metgasco’s 100% in ATP2020 as at 23 March 2021.Raw gas includes the contents of inert gas which is known to be variable in the region.
3. Reserves estimates have been made and classified in accordance with the Society of Petroleum Engineers (“SPE”) Petroleum Resources Management System (“PRMS”).

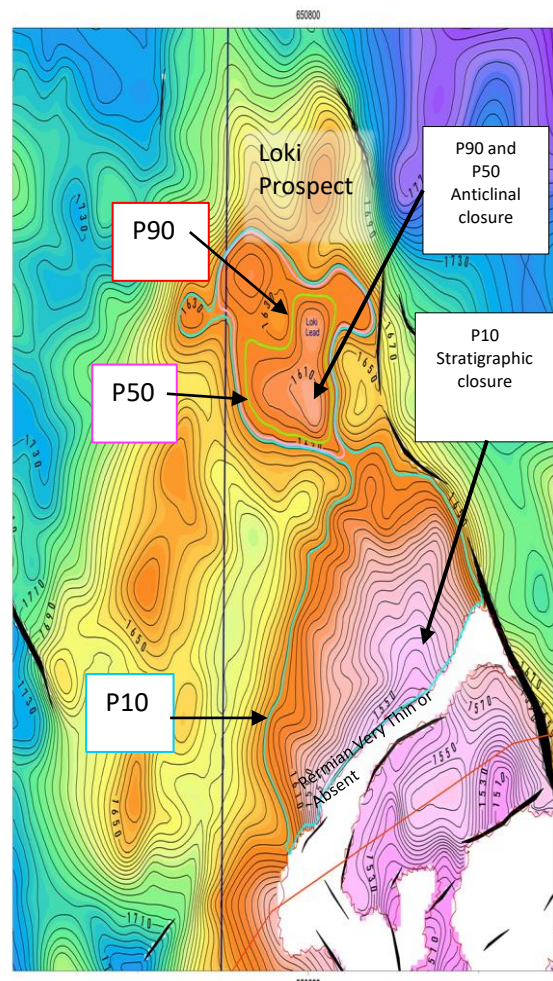
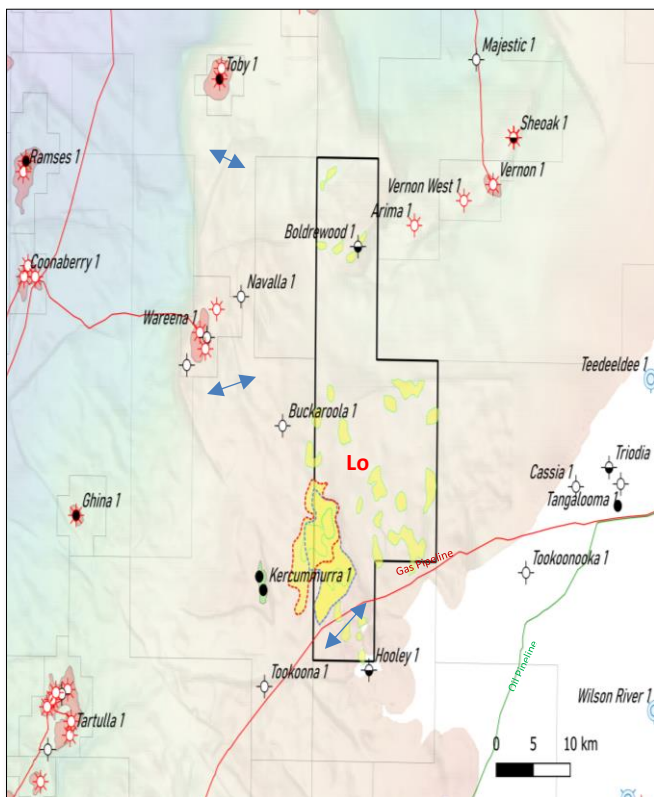


Figure 2 ATP2020 Map & Loki Prospect Location

Perth Basin L14: Cervantes Exploration Well :

The Cervantes prospect (refer figure 3) sits within the L14 licence granted over the Jingemina oilfield and surrounds and is a high-side fault trap of multiple Permian sandstone reservoir targets (prolific producers in Perth Basin). The COS is 28% and it has a high chance of development due to its close proximity to the Jingemina oil field and processing facility.

The Cervantes prospect has a Gross Prospective Resource of: 1U low estimate of 6.0 MMbbl (1.8 MMbbl net), 2U best estimate of 15.3 MMbbl (4.6 MMbbl net), 3U high estimate of 41.9 MMbbl (12.6 MMbbl net) (refer Table 5 below and MEL ASX release dated 10 September 2019).

During the June quarter the option to use the Refine Energy owned lapsed due to Refine's financial difficulties. Discussions are underway with other Perth Basin operators and rig operators to secure a rig slot to drill Cervantes. Drilling is now anticipated in late Q4 CY2021/Q1 CY2022 subject to government regulatory approvals, and rig availability.

The Cervantes drilling surface location and access track was chosen to reduce the drilling environmental footprint as well as enable the deviated wellbore to penetrate all three Permian reservoir targets. During the quarter environmental and safety drilling approval applications were progressed with state government regulatory authorities with approvals anticipated in late Q3/early Q4 CY2021.

Long lead casing and wellhead equipment was delivered to storage in Perth in late April. Well service contracts have progressed during the quarter in preparation for drilling.

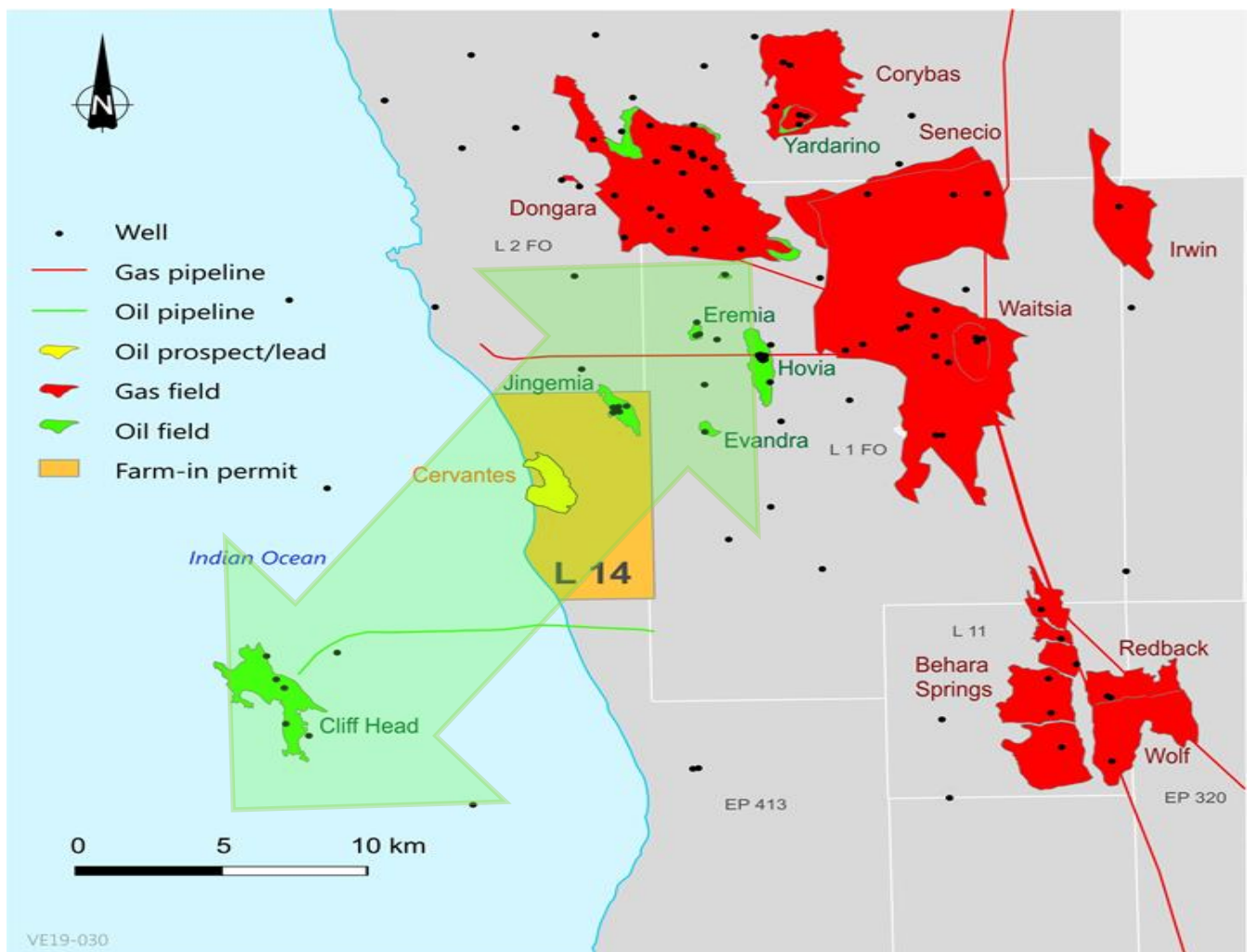


Figure 3 – L14 Cervantes Map

Table 5 - Metgasco Prospective Resource Estimates for Cervantes:

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
<i>*Prospective Resources Announced 10 September 2019.</i>							

These prospective resource estimates are probabilistic in nature and are recoverable raw oil attributable to 100% interest in L14 as of 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.

PRL237 Licence- Cooper Basin:

No activities occurred in relation to PRL 237 during the quarter.

Corporate Activities:

Business Development Opportunities:

During the quarter Metgasco continued to review new business development opportunities, as well as potential new areas of business consistent with the Company's strategic objectives and the evolving energy sector backdrop.

Cash position:

The Company ended the Quarter with a cash balance of A\$553,760 and with no debt.

The following is a reconciliation of the Company's cash position from 1 April 2021 to 30 June 2021:

	\$A'000
Cash at 31 March 2021	651
Overhead and administrative	(242)
Property, plant and equipment	(2)
Exploration and evaluation expenditure	(1,508)
Sales of investments	1,676
Net proceeds from issue of equity securities	<u>(22)</u>
Cash at 30 June 2021	553

Subsequent Event: Metgasco Entitlement Offer:

On 6th July Metgasco announced an entitlement offer seeking to raise approximately \$4.58M through a 1 for 3 Fully Underwritten, Non-renounceable Entitlement Offer.

The offer opened on the 14 July and will close on the 6 August.

Notes Pertaining to Quarterly Cashflow Report (Appendix 5B):

Item 6.1: The aggregate amount of payments to related parties and their associates of \$42,879 relates to remuneration payments made to Directors.

Shareholder base:

At 30 June 2021, Metgasco had 549,649,424 shares on issue and 2,007 shareholders. Its top 20 holders held 275,626,033 shares, or 50.15% of the Company's issued capital.

Certified Resources and Reserves:

Prospective Resources relating to the farm-in on L14 were announced on 10 September 2019. On 14 December 2020, the ATP2021 JV announced the reserves attributed to the Vali field based on the gas discovery of the Vali-1 ST1 exploration well. Prospective gas resources related to PRL211 were announced on 22 November 2019. ATP 2020 Cooper / Eromanga Prospective Resources were announced on 31 March 2021.

Work program for next quarter:

In the September quarter following work is anticipated to be completed:

- Independent reserve/resource upgrade following Odin-1, Vali-2 and Vali-3 gas discoveries;
- Vali Field: Progress Gas Sales Agreement and Final Investment Decision planning;
- Odin-1: progress JV discussions for Vali tie-in, including application for joint gas marketing;
- Cervantes/L14: Progress project approvals and rig contracting;
- ATP2020: Farm-out process.

Glossary:

MMscfd = Million standard cubic feet per day.

FWHP = Flowing wellhead pressure.

Bcf= Billion Standard Cubic feet

ENDS

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Tenement Listing				
Tenement Reference	Location	Nature of Interest	Interest at 31 March 2021	Interest at 30 June 2021
Cooper/Eromanga				
ATP2020	QLD	100% owner & Operator of Licence	100%	100%
ATP2021	QLD	25% working interest in Licence	25%	25%
PRL211	SA	Farm in. Pay 25% of well for 21.25% of licence interest.	21.25%* subject to farm-in agreement terms	21.25%
PRL237	SA	20% Working Interest in Licence	20%	20%
Perth Basin				
Cervantes Prospect in Western Flank area in L14 Production Licence	WA	Pay 50% of well cost for 30% interest in structural Hydrocarbons discovered	30%	30%
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 by 30 th June 2021-Vintage Energy have the first option to participate in the well	Option right to 60% interest by paying 100% of well cost via exercising well option by 31 st December 2021-Vintage Energy have the first option to participate in the well

Forward Looking Statements:

This document may contain forward-looking information.

Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording.

Forward-looking information in this document includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of potentially recoverable resources, and information on future production and project startups.

By their very nature, the forward-looking statements contained in this document require Metgasco and its management to make assumptions that may not materialise or that may not be accurate. Although Metgasco believes its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.