



ASX / MEDIA RELEASE

ASX Code: MEL

06 December 2021

Heads of Agreement signed for Vali gas sales of up to 16 PJ (4 PJ net Metgasco)

- **ATP 2021 Joint Venture enters into a Heads of Agreement with AGL Wholesale Gas Limited**
- **HoA targets parties executing a Gas Sales Agreement by year end**
- **Subject to agreeing a GSA and satisfaction of conditions precedent, gas supply to AGL commencing mid 2022 until end 2026, estimated at between 9 PJ and 16 PJ (gross)**
- **Pricing at a mix of fixed and variable market rates**
- **Includes a pre-payment by AGL of \$15 million to the Joint Venture for funding the Vali Field work to first gas**
- **Vali Field independently evaluated reserves*: Gross 1P of 47.5 PJ (11.9 PJ net), 2P of 101.0 PJ (25.2 PJ net) and 3P of 209.8 PJ (52.4 PJ net)**

ATP 2021 (Metgasco 25%, Vintage 50% and operator and Bridgeport (Cooper Basin) Pty Ltd 25%)

Metgasco Ltd (ASX: MEL, "Metgasco") is pleased to announce a conditional Heads of Agreement ("HoA") between the ATP 2021 Joint Venture parties ("JV") and AGL Wholesale Gas Limited ("AGL") for the sale of all gas produced from the Vali Field from field start-up (mid-CY2022) through to the end of CY2026. This is anticipated to be a minimum of 9 PJ and up to 16 PJ of gross sales gas over the contract term, to be sold on a mix of firm and variable pricing at market rates.

The terms set out in the HoA will form the basis of a fully termed Gas Sales Agreement ("GSA") which will include AGL providing an upfront payment of \$15 million to the JV in three tranches as the project moves to first gas, subject to execution of the GSA and satisfaction of its conditions precedent. The JV funds will be used specifically for the Vali Field to fund the work program, including the completion of all three Vali wells and the tie-in of the Vali Field to the nearby Moomba pipeline network.

Metgasco Managing Director, Ken Aitken said, *"I am extremely happy to announce the signing of a HoA with a quality customer such as AGL. This deal is a significant step forward in delivering Metgasco's objective of becoming a gas producer in mid CY22."*

"The Heads of Agreement for the proposed sales of up to 16 PJ of gas to AGL will deliver significant cash flow to the Joint Venture over the term of the contract and also provide the Joint Venture with an upfront payment for funding capital works required to achieve first gas. These are great outcomes for Metgasco and all the participants in the agreement. Metgasco acknowledge the excellent commercial work done to date by Vintage's team and advisors on securing this transaction."

"I believe this agreement is the enabling catalyst in the Vali gas field commercialisation process. Along with our recently announced three-fold upgrade in reserves for the Vali Field, which took the gross 2P reserves to 101.0 PJ (25.2 PJ net to Metgasco, or 25,250,000 GJ), we anticipate supplying meaningful amounts of gas into the Australian east coast market. With strengthening gas prices in the domestic and international markets, the Vali Field gas production hub will be a highly valuable asset for Metgasco and its shareholders for decades."

*Refer MEL ASX release dated 1 November 2021

“We are excited to have AGL as a foundation gas buyer of Vali Field gas and look forward to providing AGL with a consistent supply of gas from the Vali Field over the next four to five years.”

A competitive process was undertaken for the sale of gas from the Vali Field. Each JV party has executed the HoA with AGL, which contains the key commercial terms to a fully termed GSA. This HoA provides the greatest amount of flexibility for the JV in terms of gas delivery at the strongest price and represents approximately 9% to 16% of the 2P reserves from the Vali Field as announced by Metgasco previously.

The HoA includes a number of conditions precedent to a definitive GSA including a condition that a raw gas processing agreement with the Moomba infrastructure owners, for the processing of Vali gas to sales gas standards, is entered into. Discussions with the Moomba infrastructure owners regarding a processing agreement are progressing. The HoA provides for an exclusivity period, during which time the formal documentation for a gas sales agreement is expected to be negotiated and executed.

As previously announced on 1 November 2021, ERC Equipoise Pte Ltd (“ERCE”) completed an independent evaluation of the Vali Field, which included results from the Vali-2 and Vali-3 wells. As a result of this evaluation, ERCE revised its 1P, 2P and 3P reserves estimates for the Vali Field to include the Toolachee Formation, as well as revising upward the previously booked reserves from the Patchawarra Formation. The following tables detail the combined revised reserves estimates.

Gross ATP 2021 Vali Gas Field Reserves			
	1P	2P	3P
Sales Gas (Bscf)	43.3	92.0	191.2
Sales Gas (PJ)	47.5	101.0	209.8

Net Entitlement ATP 2021 Vali Gas Field Reserves			
	1P	2P	3P
Sales Gas (Bscf)	10.8	23.0	47.8
Sales Gas (PJ)	11.9	25.2	52.4

Notes

1. Reserves estimates reported here are ERCE estimates, effective 31 October 2021.
2. Metgasco is not aware of any new data or information that materially affects the Reserves above and considers that all material assumptions and technical parameters continue to apply and have not materially changed.
3. Reserves estimates have been made and classified in accordance with the Society of Petroleum Engineers (“SPE”) Petroleum Resources Management System (“PRMS”) 2018.
4. Company Net Entitlement Reserves are based on the Metgasco working interest share of 25% of the on block gross ATP 2021 Reserves as there are no royalties payable.
5. Sales Gas volumes are net of fuel and flare volumes.
6. All quantities are subject to rounding to one decimal place for clarity purposes.
7. A conversion factor of 1.0973 is applied to convert from billion standard cubic feet (Bscf) to petajoules (PJ).

The increase in the independently evaluated 2P gas reserves, when compared with the original reserves booking (which only accounted for the Patchawarra Formation), is 201%.

Resource Evaluator

ERCE is an independent consultancy specialising in petroleum reservoir evaluation. Except for the provision of professional services on a fee basis, ERCE has no commercial arrangement with any other person or company involved in the interests that are the subject of this reserves evaluation. The work has been supervised by Mr Adam Becis, Principal Reservoir Engineer of ERCE’s Asia Pacific office who has over 14 years of experience. He is a member of the Society of Petroleum Engineers and also a member of the Society of Petroleum Evaluation Engineers.

Glossary

Bscf	Billion standard cubic feet
GJ	Gigajoule. A joule is a measure of heating value. 1 GJ is equal to 1×10^9 joules
PJ	Petajoule. A joule is a measure of heating value. 1 PJ is equal to 1×10^{15} joules 1 PJ is equal to 1,000,000 GJ
Reserves	Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. The categories in decreasing certainty are Proved, Probable and Possible
1P, Proved	Proved reserves (deterministic or probabilistic)
2P, Proved and Probable	Proved plus Probable reserves (deterministic or probabilistic)
3P, Proved, Probable and Possible	Proved plus Probable plus Possible reserves (deterministic or probabilistic)

This ASX announcement was approved and authorised for release by the Board.

For further information contact:

Philip Amery
Chair
+ 61 402 091 180
philip.amery@metgasco.com.au
www.metgasco.com.au

Metgasco Ltd ACN 088 196 383
Level 2, 30 Richardson Street, West Perth, WA 6005
Tel: +61 8 6245 0060
info@metgasco.com.au

Ken Aitken
Managing Director
+61 8 6245 0062
ken.aitken@metgasco.com.au