



ASX / MEDIA RELEASE

ASX Code: MEL

15 November 2019

METGASCO SIGNS BINDING TERM SHEET WITH VINTAGE TO FUND 50% OF CERVANTES EXPLORATION WELL

Metgasco Confirms Right/Commitment to Drill Cervantes

The Board of Metgasco Ltd (ASX: MEL) (Metgasco, or the Company) is pleased to announce that it has executed a binding term sheet with RCMA Australia Pty Ltd (“Jade”) and Vintage Energy Ltd (“Vintage”, ASX: VEN). Vintage, as introduced farminee, will fund 50% of the Cervantes exploration well for a 30% participating interest, as well as paying \$200k of future exploration costs. By signing the term sheet, Metgasco has confirmed its right/commitment to drill the highly prospective Cervantes oil prospect in the L14 production licence (“L14”) located in the northern onshore Perth Basin (see Figure 1 below), 3km west of the Jingemia oil field that has produced approximately 4.6 million barrels of oil to date.

- On 9 September 2019, Metgasco executed a binding farm-in agreement into the North Perth Basin L14 licence area with Jade for the right to drill and fully fund up to two exploration wells to earn a 60% interest in any hydrocarbons discovered by these wells (refer announcement 9 September 2019). Metgasco had the right in the farm-in agreement to introduce a farminee for both exploration wells to share exploration costs, on the same terms.
- Metgasco’s team identified the 3D seismically defined large onshore Cervantes oil prospect (refer announcement 10 September 2019) and secured the right (exercisable by 15 November 2019) to drill one exploration well, of circa 2,600m, in the Western Flank of the L14 license area in the period to Q3 CY 2020.
- Metgasco and Jade have signed a binding term sheet with Vintage who has agreed to farm-in by paying 50% of the Cervantes well costs for a 30% working interest in the Permian sands. 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.
- Vintage will also pay Metgasco \$100k for future exploration expenditure relating to Cervantes and Jade \$100k relating to seismic re-processing over the L14 licence.
- 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 wells.
- Jade has agreed to prepare a re-stated farm-out agreement for the Cervantes JV, giving effect to the term sheet, for execution by 18 December 2019.
- 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 resources¹

| Prospective Resources* | | | | | | | |
|-------------------------------|------------------|----------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| Prospect | Reservoir | OOIP mmbls | | | Recoverable mmbls | | |
| | | 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 CY 2020 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 mmbls representing a 14% increase on the P50 gross estimate of Metgasco.
 - Drilling planning for the Cervantes Prospect is underway and environmental approval planning has been initiated. 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 million then Metgasco financial contribution would revert to the JV equity level of 30%. The joint venture plans to drill Cervantes in Q3 CY 2020.

- 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/Eremia/ Waitsia).

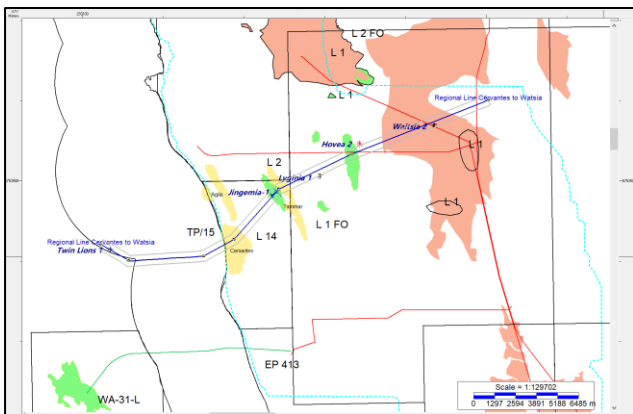
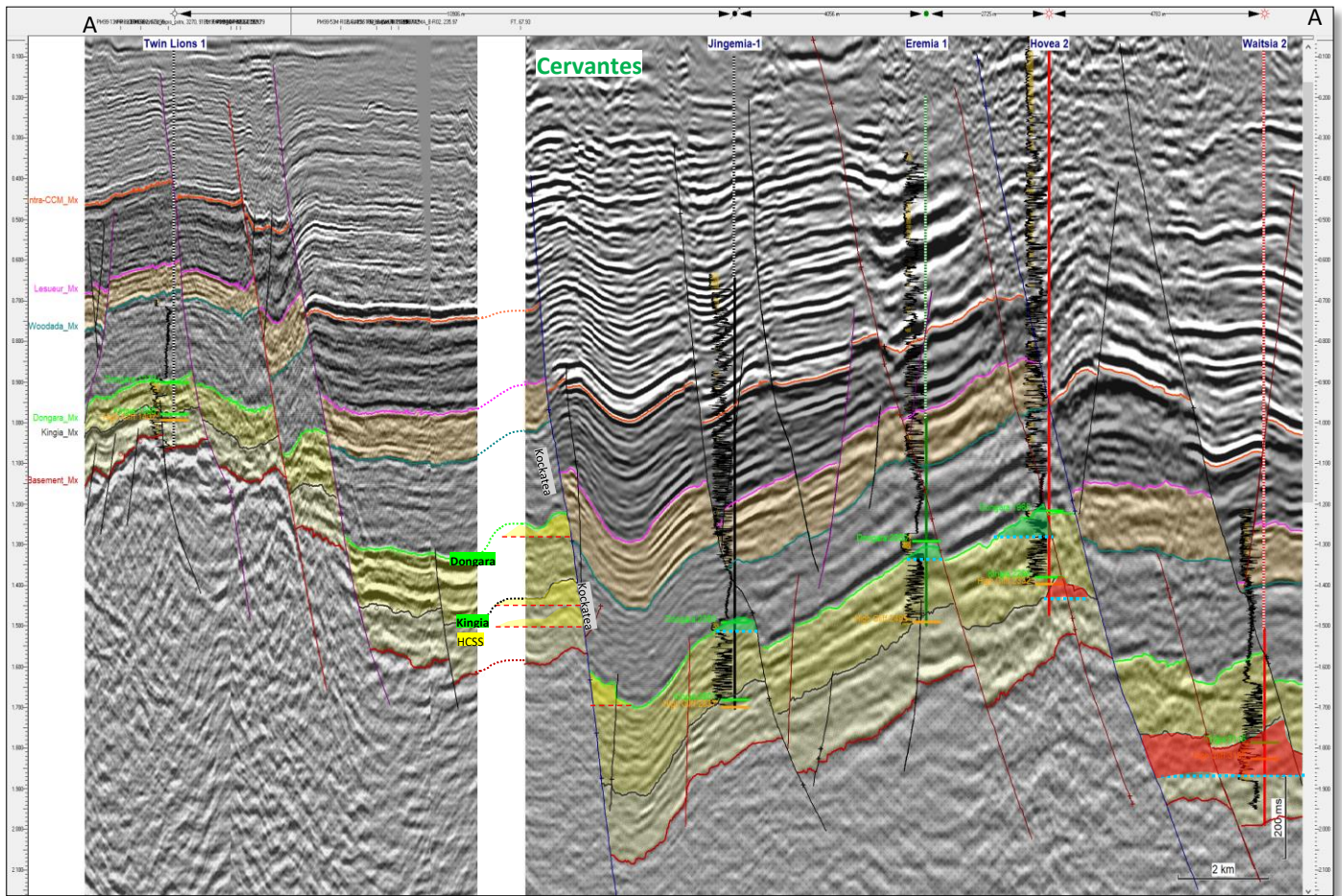


Figure 2 - W-E Section: Twin Lions – Cervantes – Waitsia

Ken Aitken, Metgasco Chief Executive Officer, commented:

“Metgasco is extremely pleased to have attracted a company of the calibre as Vintage to join the JV in the drilling of the Cervantes exploration prospect. Vintage’s highly experienced corporate and technical team will add significant value to the joint venture. Cervantes is one of the largest remaining onshore oil prospects in the Perth Basin and offers early commercialisation via the Jingemia oil production facility operated by Jade. Vintage and Metgasco will jointly review other prospects in L14 before deciding to take up the 2nd well option”.

Contact and further information:

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

ENDS

For further information contact:

Philip Amery
Chairman
+ 61 402 019180
philip.amery@metgasco.com.au

Metgasco Ltd ACN 088 196 383
Level 12, 680 George Street, Sydney NSW 2000
Tel: +61 2 9923 9100 Fax: +61 2 9959 5387
info@metgasco.com.au
www.metgasco.com.au

Ken Aitken
CEO
+61 2 9923 9100
ken.aitken@metgasco.com.au

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 start-ups.

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.

Competent Person Statement

The reported prospective resource estimates are based on information compiled or reviewed by Dr. R. Willink who holds a PhD and a BSc (Hons) in Geology and is a member of AAPG and PESA. Dr. Willink is a Non-Executive director of Metgasco and is currently an Advisor on Exploration of the privately-owned Timor Resources and has worked in the petroleum industry as a practicing geologist for over 40 years. Dr. Willink has consented to the inclusion in this report of matters based on his information in the form and context in which it appears.