



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

**CONSOLIDATED FINANCIAL REPORT
HALF YEAR ENDED
31 DECEMBER 2020**

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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 2020.

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

Review of Operations

The following is an overview of the Company's activities during the half year ended 31 December 2020.

Cooper/Eromanga: ATP2021

The successful Vali-1 ST1 gas exploration well (see location on map below), drilled on the Queensland side of the Cooper/Eromanga Basin, reached a total depth of 3217m measured depth on 10 Jan 2020 discovering approximately 80m of interpreted net gas pay (porosity cut-off 6%) over a gross 312m interval in the Patchawarra Formation target. Gas was also recovered from the target Upper Patchawarra and Nappamerri Group via MDT sampling. Oil shows were also detected in the Jurassic age Westbourne and Birkhead formations. Metgasco was free carried on Vali-1 ST1 pursuant to farm-out agreements with Vintage Energy and Bridgeport Energy, through to case and suspend.

A six- stage fracture stimulation and flow test program was safely and successfully completed on the Vali-1 ST1 discovery well. A total of five stages were individually fracture stimulated across pre-selected sand packages the Patchawarra reservoir and one in the deeper Tirrawarra/Basal Patchawarra section (at depths between 2810 metres to 3140 metres).

The bridge plugs separating the six fractured zones in the well were milled out allowing the stimulation fluid injected into the zones during the fracturing process to be "flowed back" via the surface well test separator, which separates the stimulation fluid and the gas. Following the stimulation flow-back an extended gas flow-test program was undertaken. Strong gas rates were achieved in all flow periods and quick pressure build-ups were observed during shut-in periods, with pressure levels quickly approaching around 3000psi. All flow rates were restricted through varying choke sizes to ensure proppant was not returned from the formation into the well bore, therefore avoiding any reduction of the stimulation process.

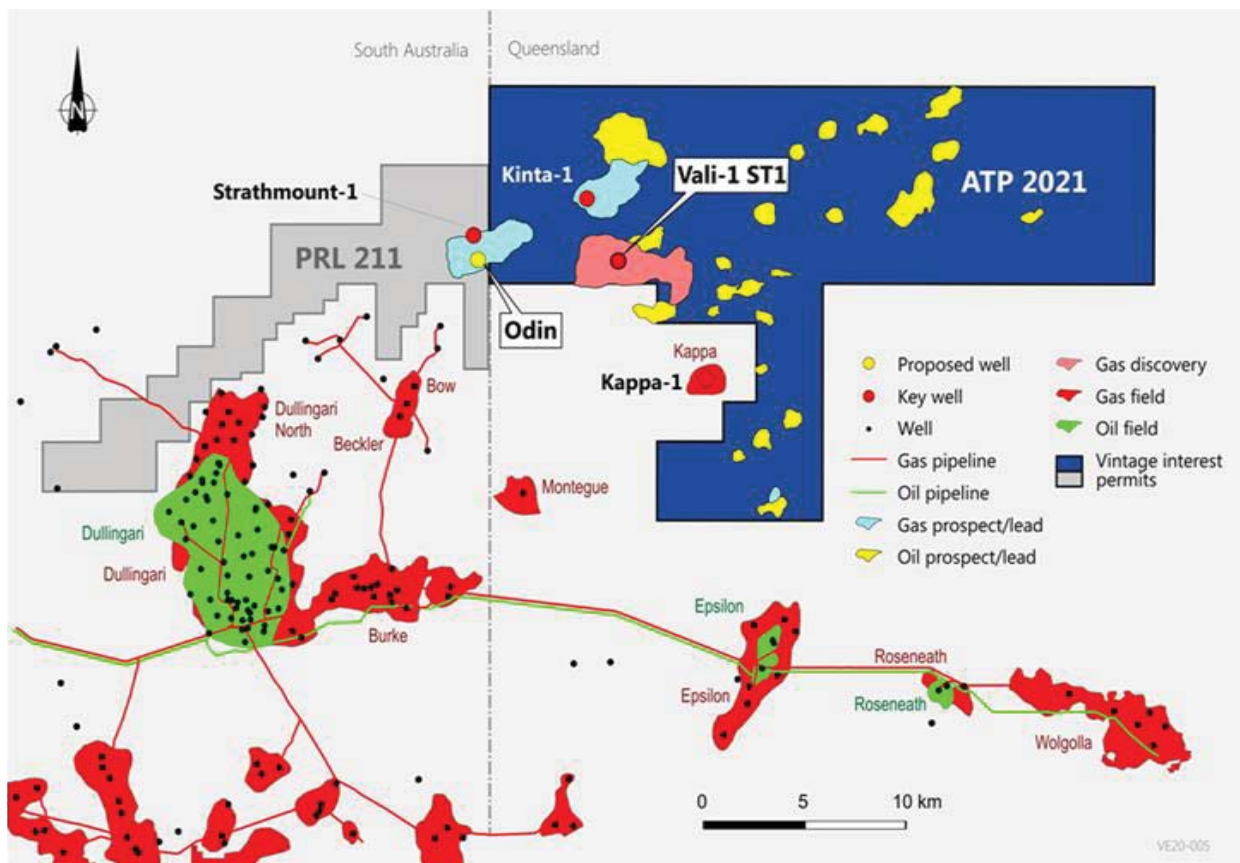


Figure 1 ATP2021 Map & Vali-1 ST1 Location

During the flow testing of the well, the following activities were undertaken:

- Production Logging Tool run determined that gas was being contributed by each of the stimulated zones;
- Surface Shut-ins (with downhole gauges installed) designed to observe the pressure response of the reservoir, resulted in surface pressure readings reaching 2,932 psi. Pressure transient analysis has been completed on the recovered down-hole gauges;
- Flow testing – pressure transient tests were undertaken via three choke sizes; 24/64", 32/64" and 40/64" over three equal periods of six hours. During these tests rates were recorded between 3.7 MMscfd at 1,676 psi flowing well-head pressure ("FWHP") and 7.5 MMscfd at 1593 psi FWHP. These transient tests were followed by an extended flow test through a choke size of 36/64" for 48 hours, during which the well flowed at 4.3 MMscfd at 942 psi FWHP;
- Pressurised Gas samples taken from the test separator were analysed in a laboratory;
- A very small volume of gas condensate was detected in the separator indicating dry gas.

As a consequence of the flow testing of the well, our initial estimates of the potential gas flow rate for the Vali-1 ST1 well are in excess of 5 MMscfd.



Figure 2: Gas Flare at Vali-1 ST1(5 August 2020)

ERC Equipoise Pte Ltd (“ERCE”) completed an independent review of the Vali-1 ST1 gas discovery (Metgasco 25%, Bridgeport Energy 25% and Vintage Energy Limited 50% and operator) and subsequent flow test results, and 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 table 1&2 below).

Table 1&2 Vali Field Gross and Net Reserves:

	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. 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").
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.

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 Contingent Resources 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.

Perth Basin: L14

Metgasco is the seconded operator of the Cervantes Joint Venture (CJV) on behalf of partners Vintage Energy Ltd (ASX: VEN, "Vintage") and RCMA Australia Pty Ltd ("RCMA"). In December 2020, the CJV signed a letter of intent (LOI) with Refine Energy Pty Ltd ("Refine") to use Refine Rig-2 for the drilling of the Cervantes exploration prospect planned for late Q2 CY21.

In Q3 CY2020, a request for expression of interest was distributed to a number of drilling companies allowing suitable rigs to be shortlisted on both a technical and commercial basis. Suitable rigs which originated in the Eastern states had the disincentive of requiring large mobilisation and demobilisation costs and were also unavailable during the planned drilling window.

On 22 October 2020, RCMA entered into a two-well farm-out agreement and tolling agreement with Refine Energy. Under the arrangement, Refine will drill two wells in Q1 CY21 in the L14 Licence area utilising their 100% owned drilling rig (Rig-2) which is stored at RCMA's Jingemina site. The rig is currently undergoing required upgrades and associated inspection which is now anticipated to be complete by mid Q1 2021.

Under the terms of the LOI with Refine, the Mob/Demob is minimal due to the rig proximity to Cervantes, thereby reducing the overall estimated drilling cost. The Cervantes prospect will be drilled immediately following the two Refine L14 wells allowing for optimal rig and crew efficiency. A full rig contract agreement is anticipated to be signed with Refine Energy in March 2021.

Other recent achievements in well planning include securing an experienced Perth Basin civil contractor for access track and well pad activities and ordering long lead well consumables. Work is also underway securing service contracts for the drilling program.

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. In Q3 CY2020 an additional botanical survey, requested by the regulator, was completed and in Q4 the Flora survey and additional environmental data was submitted to both the EPA and DMIRS. Land access with other stakeholders progressed during the quarter.

Metgasco anticipates that, environmental approval will be secured in Q2 CY2021. The target spud date of the Cervantes well is planned for late Q2 CY2021 subject to government approvals and rig timing of preceding wells.

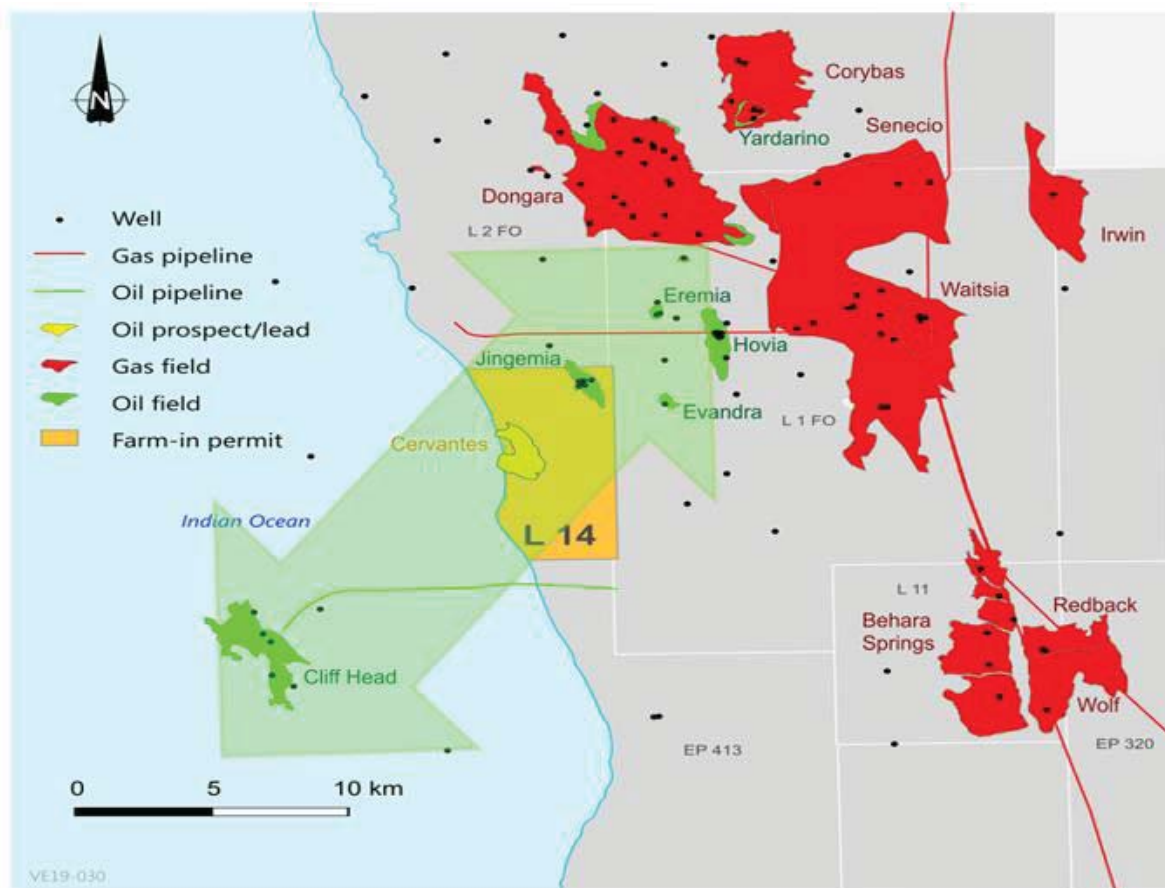


Figure 3 – L14 Cervantes Map

Cooper/Eromanga: PRL 211

On 22 November 2019 a term sheet was executed with a 90-day exclusivity period to negotiate a binding farm-in agreement with a subsidiary of Senex for PRL 211 on the South Australian side of the Cooper/Eromanga basins. On 24 February CY 2020 the farm-in agreement was executed.

Under the joint venture, Vintage is the operator with a 42.5% working interest, Metgasco with 21.25%, Bridgeport with 21.25% and Senex with 15%, with Senex to be free carried through the drilling of the first well.

PRL 211 is a 98.49 km² retention licence that is close to infrastructure and has an initial five-year term expiring in October 2022, with an option to renew the permit for a further five years. The licence is located in the South Australian side of the Cooper/Eromanga Basin (see figure 4) and is immediately adjacent to ATP2021.

Under the terms of the farm-in, the well is 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 equity share. The JV has successfully applied to the South Australian Government for a 12-month extension extending the drilling commitment date to Q4 CY2021. The JV is considering drilling the Odin well earlier in CY2021 in conjunction with further Vali wells subject to Vali JV FID approval, rig availability and government approvals.

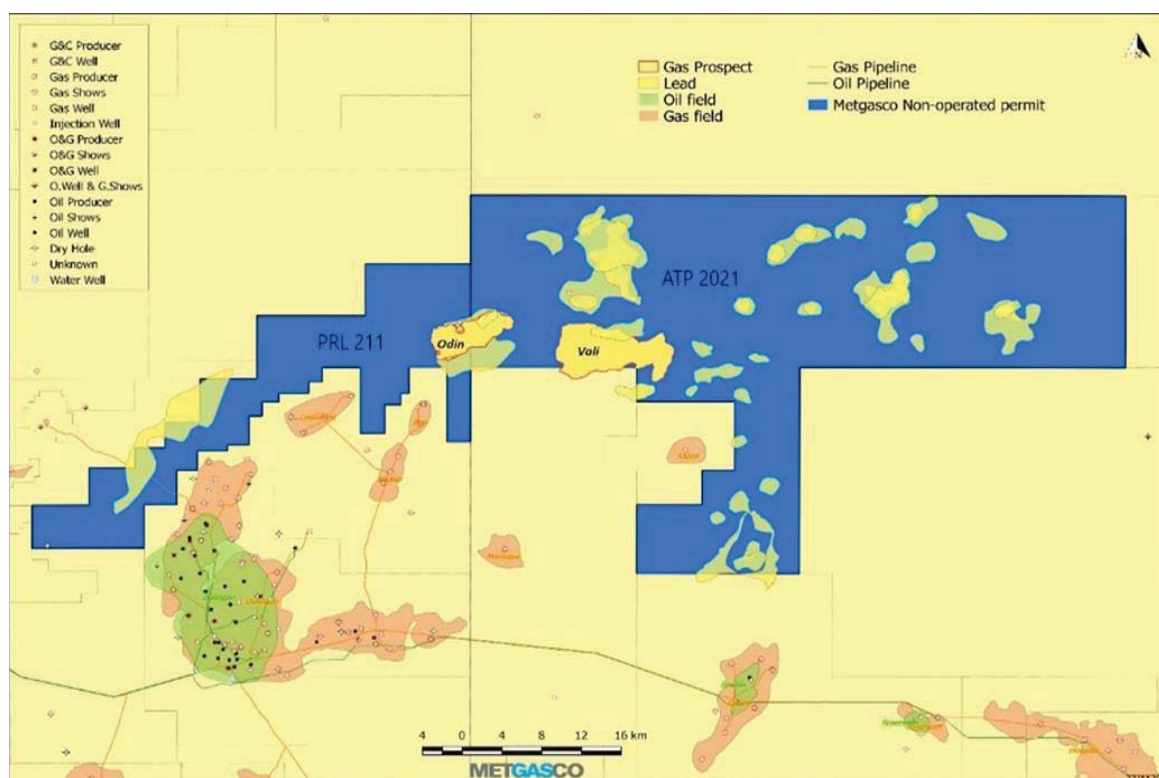


Figure 4 – PRL 211 and ATP2021

Cooper/Eromanga: ATP2020

Farm-out work was deferred due to the prevailing market conditions relating to the collapse of oil prices and the COVID-19 Pandemic. Metgasco's ATP2020 licence allows near term exploration commitments to be deferred to future years. Discussions were initiated with the Queensland government with respect to licence commitment deferment due to the financial impact of COVID-19 on the general oil and gas market and effect on farm-out markets. These discussions are expected to be complete in Q1CY2021. Subject to successful government discussions it is anticipated that work will begin in Q1 CY2021 on re-launching a farm-out process.

Cooper Basin: PRL237

The JV has agreed to defer exploration activities to the Q3 CY2021. The JV is incurring and will continue to incur minimum costs during this deferment period.

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

At the AGM held on 14 December 2020, Metgasco's shareholders voted overwhelmingly to approve the in-specie distribution of up to 20 million shares in Byron Energy (ASX:BYE) held by the company. On 29 December Metgasco completed the distribution of 19,998,997 fully paid ordinary BYE shares on a pro-rata basis to Metgasco Shareholders who held shares at the Record Date of 18 December 2020.

Corporate Activities

Metgasco's Annual General Meeting was held on 14 December 2020. Three resolutions, being the re-election of Mr. Patton, the remuneration report, and approval of in-specie distribution of Byron Energy shares were passed. The spill resolution was voted against by shareholders.

Financial Results

The operating profit for the period was \$314,240 which included an unrealised profit from its investment in Byron Energy Limited of \$377,612

The Group ended the period with a cash balance of \$2,096,353 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 13) and the accompanying notes.

Effects on COVID-19 on the Company

The Company took early action in March 2020 in response to the considerable disruption and volatility on global equity and commodity markets due to the outbreak of a novel coronavirus (COVID-19). The impact of this health event has been minimal given remote working was already standard. Management made the decision that staff in Perth would work from home in order to mitigate any potential exposure to the COVID-19 virus, with all interstate travel ceasing.

The stimulation and test program on the Vali-1ST1 gas discovery continued unabated for the remainder of the reporting period and in accordance with the relevant government guidelines regarding COVID-19.

Likely Developments

In CY2021, the Company is planning to drill at least two exploration wells: Odin in PRL211 and Cervantes. Further appraisal activities are planned for the Vali Project following the gas discovery in 2020 and will involve the drilling of at least one additional appraisal well. A decision will be made in the first half of 2021 on whether to continue holding the ATP2020 licence based on further technical work on the licence and success on securing a farminee.

The Company continues to seek new exploration, development and production opportunities within 2021.

Significant Events Subsequent to 31 December 2020

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future reporting periods other than:

On 5 January 2021, the Company confirmed that it would issue bonus options to all shareholders on the following terms:

- One new bonus option to be issued for every three ordinary shares held in the company on the record date;
- No consideration will be payable for the Options;
- The exercise price to be \$0.04 per share;
- The Options to expire 31 December 2021;
- The Options to be unlisted, but with the Company reserving the right to seek quotation of the Options in the future.

A prospectus detailing the terms and conditions of the bonus options and timetable for the offer was issued and lodged with ASIC and ASX on 22 February 2021.

On the 5 February 2021, the Company issued 10,418,411 employee performance rights, each right can be converted into 1 ordinary fully paid share when certain vesting hurdles are met. The vesting hurdles are as follows:

- 50% of Employee Performance Rights will vest when the Company Share Price is equal to or greater than 5.2 cents before 30 September 2021;

- 25% of Employee Performance Rights will vest when the Company Share Price is equal to or greater than 8.0 cents before 30 September 2022;
- 25% of Employee Performance Rights will vest when the Company Share Price is equal to or greater than 12.0 cents before 30 September 2023;

Auditor's Independence Declaration

A copy of the independence declaration by the lead auditor under Section 307C is included on page 11 to this Half Year Report.

Signed in accordance with a resolution of the Directors.

Dated at Perth on 11 March 2021.

A handwritten signature in black ink, appearing to read 'Philip Amery', written in a cursive style.

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 2020, 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 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

		Consolidated Entity Half Year	
	Note	31 December 2020	31 December 2019
		\$	\$
Interest income	4	64	5,416
Other Income	4	50,000	1,186
Fair value movement derivative asset		-	(422,271)
Fair value movement of investments in listed securities	5	377,612	788,668
Realised gain on sale of investments in listed securities	5	24,299	468,000
Realised gain on distribution of investments in listed securities	5	399,980	-
Depreciation		(796)	(1,861)
Accounting, legal & professional		(99,072)	(246,367)
Exploration expenditure expensed		(12,369)	(55,211)
Realised loss on sale of exchange traded bonds		-	(68,030)
Directors' fees		(65,455)	(103,000)
Employee costs		(233,986)	(315,277)
Other administrative		(126,037)	(349,798)
Profit / (Loss) before income tax expense		314,240	(298,545)
Income tax expense		-	-
Profit / (Loss) after tax from continuing operations		314,240	(298,545)
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
Total comprehensive income for the half year		314,240	(238,733)
Earnings per share attributable to ordinary equity holders of Metgasco Ltd			
		\$	\$
Basic profit / (loss) per share (cents)	10	0.06	(0.001)
Diluted profit / (loss) per share (cents)	10	0.06	(0.001)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		Consolidated Entity	
	Note	31 December 2020 \$	30 June 2020 \$
Assets			
Current assets			
Cash and cash equivalents		2,096,353	157,530
Investment in listed securities	5	3,020,900	5,521,645
Trade and other receivables		35,746	94,180
Total current assets		5,152,999	5,773,355
Non-current assets			
Exploration and evaluation expenditure	6	3,766,649	1,891,585
Plant and equipment		616	1,412
Other receivables	7	24,000	24,000
Total non-current assets		3,791,265	1,916,997
Total assets		8,944,264	7,690,352
Liabilities			
Current liabilities			
Trade and other payables		544,505	232,085
Total current liabilities		544,505	232,085
Non-current liabilities			
Provisions		-	-
Total non-current liabilities		-	-
Total liabilities		544,505	232,085
Net assets		8,399,759	7,458,267
Equity			
Contributed equity	8	111,727,721	111,100,469
Accumulated losses		(103,327,962)	(103,642,202)
Total equity		8,399,759	7,458,267

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Consolidated Entity Half Year	
	31 December 2020	31 December 2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(488,334)	(814,351)
Interests	64	8,392
Government grants	50,000	-
Net cash (outflow) from operating activities	(438,270)	(805,959)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on exploration, evaluation and decommissioning	(1,552,796)	(1,912,254)
Purchase of listed investments	-	(2,800,000)
Sale of listed investments	102,797	4,152,110
Net cash (outflow) from investing activities	(1,449,999)	(560,144)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of new share capital, net of issue costs	3,827,092	-
Net cash inflow from financing activities	3,827,092	-
NET CHANGE IN CASH AND CASH EQUIVALENTS HELD	1,938,823	(1,366,103)
Net cash at beginning of period	157,530	1,803,197
NET CASH AT END OF PERIOD	2,096,353	437,094

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Contributed Equity	Accumulated Losses	Financial Assets at FVOCI reserve	Total Equity
	\$	\$	\$	\$
At 1 July 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
Loss for the period	-	(7,164,501)	-	(7,164,501)
Other Comprehensive Income	-	-	-	-
Sub-total	-	(7,164,501)	-	(7,164,501)
At 30 June 2020	111,100,469	(103,642,202)	-	7,458,267
Profit for the period	-	314,240	-	314,240
Other Comprehensive Income	-	-	-	-
Sub-total	-	314,240	-	314,240
Issue of new share capital	3,827,092	-	-	3,827,092
Return of capital*	(3,199,840)	-	-	(3,199,840)
At 31 December 2020	111,727,721	(103,327,962)	-	8,399,759

* Represents the distribution of 19,998,997 fully paid ordinary BYE shares to Metgasco shareholders, see note 8 for further information.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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 2020 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 2020 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 2020.

1(a) Going Concern

The Directors note that as at 31 December 2020, the Company has a cash position of \$2,096,353 and incurred net cash outflows from operating activities of \$438,270 for the 6 months period ended 31 December 2020.

The Directors based on their review of cash flow forecasts and management’s assessment, confirm that the going concern basis of accounting remains appropriate and recognise that additional funding is required to ensure that it can continue to fund its operations and meet its short-term commitments for the twelve month period from the date of this financial report. Such additional funding may be derived from the following:

- (i) sale of marketable securities;
- (ii) raising capital; or
- (iii) some combination of the above.

In the event the Group is unable to achieve some of the matters above, this would create a material uncertainty with respect to the ability of the Group to continue as a going concern and accordingly to realise its assets and extinguish its liabilities in the ordinary course of the operations.

The interim Financial Statements have been approved and authorised by the Board of Directors on 11 March 2021.

Note 2. Significant Events and transactions

At the AGM held on 14 December 2020, Metgasco's shareholders voted overwhelmingly to approve the in-specie distribution of up to 20 million shares in Byron Energy (ASX:BYE) held by the company. On 29 December Metgasco completed the distribution of 19,998,997 fully paid ordinary BYE shares on a pro-rata basis to Metgasco Shareholders who held shares at the Record Date of 18 December 2020. The in-specie distribution has been recorded as non cash return of capital (see notes 5 and 8).

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

Management determined that the Company has no operating segments, on the basis that:

- no discrete information is provided to the executive management team;
- the executive management team and chief decision maker base their decisions on the consolidated financial information, which is not broken down by segment.

Note 4. Interest Income and Other Income

	31 December 2020	31 December 2019
	\$	\$
Interest income	64	5,416
	64	5,416
Other income	-	1,186
Government grants – COVID19 cash flow boost	50,000	-
	50,000	1,186

Note 5. Investments

	31 December 2020	30 June 2020
	\$	\$
Investment in traded bonds (current)		
Opening balance	-	1,393,540
Acquired during the period	-	-
Sold during the period	-	(1,385,322)
Movement in fair value	-	(8,218)
	-	-
Investment in Listed Securities		
Opening balance	5,521,645	11,696,681
Acquired during the period	-	2,800,000
Disposed during the period via sale	(102,796)	(3,562,486)
Disposed during the period via distribution	(3,199,840)	-
Realised gain on sale	24,299	81,276
Realised gain on distribution	399,980	-
Movement in fair value	377,612	(5,493,826)
	3,020,900	5,521,645

Note 6. Exploration and Evaluation Expenditure

	31 December 2020	30 June 2020
	\$	\$
Expenditure for the entity's operations		
Movement during the financial period (at cost):		
Opening balance	1,891,585	1,298,423
Capitalised exploration expenditure	1,875,064	593,162
Impairment	-	-
Carrying amount at end of half year	3,766,649	1,891,585

Note 7. Other Receivables (Non-current)

	31 December 2020	30 June 2020
	\$	\$
Security bonds non-current	24,000	24,000
Total	24,000	24,000

Security bonds are held in favour of the QLD Department of Natural Resources and Mines.

Note 8. Contributed Equity

Ordinary Shares	No of Shares		Value	
	Half Year Ended 31 Dec 2020	Year Ended 30 June 2020	Half Year Ended 31 Dec 2020	Year Ended 30 June 2020
Opening Balance	390,601,434	390,601,434	111,100,469	111,100,469
Issue of new share capital net of issue costs	158,999,914	-	3,827,092	-
Return of capital*	-	-	(3,199,840)	-
Closing Balance	549,601,348	390,601,434	111,727,721	111,100,469

* On 29 December 2020, the distribution of 19,998,997 fully paid ordinary BYE shares on a pro-rata basis to Metgasco Shareholders was completed. The last closing price of the BYE shares on the ASX prior to the transaction was \$0.16 per share.

No options were issued during the reporting period.

Note 9. 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 2020 and 30 June 2020:

31 December 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Listed Securities	3,021	-	-	3,021
Total assets	3,021	-	-	3,021
Net fair value	3,021	-	-	3,021
30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Listed Securities	5,522	-	-	5,522
Total assets	5,522	-	-	5,522
Net fair value	5,522	-	-	5,522

Note 10. Earnings Per Share

	31 December 2020	31 December 2019
Reconciliation of earnings used in calculating earnings Per share		
Basic earnings per share		
Profit/ (Loss) attributable to owners of Metgasco Ltd used to calculate basic	314,240	(298,545)
Diluted earnings per share		
Profit/ (Loss) attributable to owners of Metgasco Ltd used to calculate diluted earnings per share	314,240	(298,545)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	498,601,142	390,601,434
Profit / (Loss) per share (cents)	0.06	(0.001)

There were no options issued at the end of the reporting period.

Note 11. Interests in Tenements

As at 31 December 2020, the Company held interests in tenements as shown in the table below:

Tenement Reference	Location	Nature of Interest	Interest at 31 December 2020
Cooper/Eromanga			
ATP2020	QLD	100% owner & Operator of Licence	100%
ATP2021	QLD	25% working interest in Licence	25%
PRL211	SA	Farm in. Pay 25% of well for 21.25% of licence interest.	21.25%*subject to farm-in agreement terms of drilling one exploration well
PRL237	SA	20% Working Interest in Licence	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%
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 2020 to 30 th June 2021- Vintage have the first option to participate in the well

Note 12. Commitments

The exploration expenditure relates to the farm-in commitments for L14 Cervantes and PRL211 and two Exploration Licences in the Cooper Basin.

	31 December 2020	30 June 2020
Minimum Exploration & Evaluation Expenditure for Exploration Tenements	\$	\$
Within one year	6,491,196	4,785,474
Year 2 to Year 4	12,247,254	13,450,504
Over 5 years	-	-
Total	18,738,450	18,235,978
Office Rent		
With one year	-	21,818
Later than one year but not later than five years	-	-
Total	-	21,818

Note 13. Events after the Reporting Date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future reporting periods other than:

On 5 January 2021, the Company confirmed that it would issue bonus options to all shareholders on the following terms:

- One new bonus option to be issued for every three ordinary shares held in the company on the record date;
- No consideration will be payable for the Options;
- The exercise price to be \$0.04 per share;
- The Options to expire 31 December 2021;
- The Options to be unlisted, but with the Company reserving the right to seek quotation of the Options in the future.

A prospectus detailing the terms and conditions of the bonus options and timetable for the offer was issued and lodged with ASIC and ASX on 22 February 2021.

On the 5 February 2021, the Company issued 10,418,411 employee performance rights, each right can be converted into 1 ordinary fully paid share when certain vesting hurdles are met. The vesting hurdles are as follows:

- 50% of Employee Performance Rights will vest when the Company Share Price is equal to or greater than 5.2 cents before 30 September 2021;
- 25% of Employee Performance Rights will vest when the Company Share Price is equal to or greater than 8.0 cents before 30 September 2022;
- 25% of Employee Performance Rights will vest when the Company Share Price is equal to or greater than 12.0 cents before 30 September 2023;

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 2020 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

Perth, 11 March 2021

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 2020, 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, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Metgasco Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of Metgasco Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(a) in the financial statements, which indicates that the Group had net cash outflows from operating activities of \$438,270 during the half-year period ended 31 December 2020 and had net cash outflows from investing activities of \$1,449,999 as of that date. As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 2020 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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



N P Smietana
Partner – Audit & Assurance

Sydney, 11 March 2021

CORPORATE DIRECTORY

Directors:	Philip Amery John Patton Robbert Willink	Chairman Non-Executive Director Non-Executive Director
Chief Executive Officer:	Ken Aitken	
Company Secretary:	Paul Bird	
Home Stock Exchange:	Australian Securities Exchange (ASX) 4 Bridge Street Sydney NSW 2000	
ASX Symbol:	MEL	
Registered Office:	Level 2, 30 Richardson Street West Perth WA 6005	
	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	