

25 February 2019

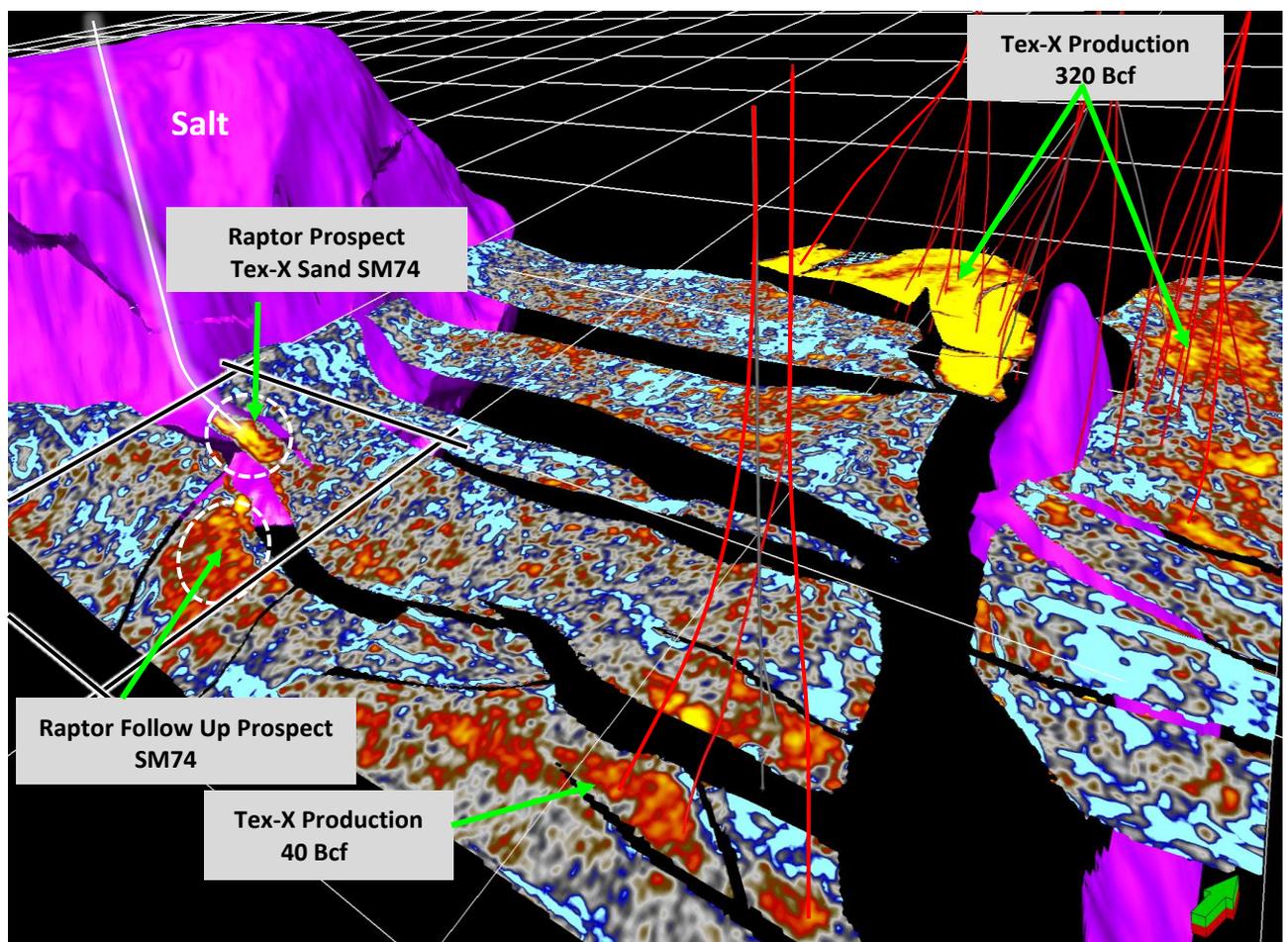
TECHNICAL ACTIVITIES UPDATE

The Board of Metgasco Ltd (ASX:MEL) (Metgasco, or, the Company) is pleased to provide shareholders with the following update on the technical activities being pursued by the Company.

South Marsh Island block 74 (“SM74”) - Raptor Prospect, a transformational exploration well, if successful, delivering revenue as early as the 3rd quarter of calendar year 2019 (“Q3 CY2019”)!

Background

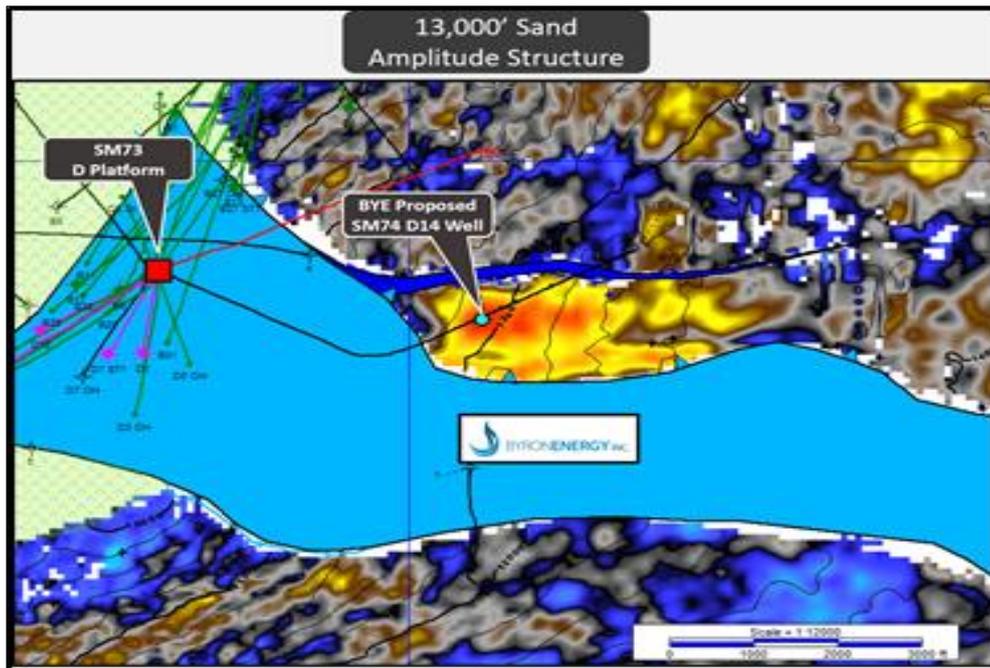
- Metgasco farmed into the SM74 block in the shallow water Gulf of Mexico in July 2018 under the terms of the loan agreement with Byron Energy Limited (ASX:BYE) (Byron).
- The SM74 block is close to Byron’s successful discovery in SM71 which has subsequently produced over 1 million barrels of oil.
- Byron identified the Raptor Prospect by applying reverse time migration technology (including Vector Imaging Partitioning) on existing 3D seismic data (see attached diagram-courtesy Byron).



- The quality of the exploration work conducted by Byron leads to the belief that the Raptor Prospect has a very high chance of geological success.
- Metgasco are paying 40% of the exploration costs to earn a 30% working interest.

Current Activities

- Drilling of the Raptor Prospect is expected to commence in March 2019 when the jack-up drilling rig arrives from the previous operator.
- The Raptor Prospect is being drilled from a spare slot on the SM73D operating production platform. The well will be directionally drilled to a total depth of 16,464ft measured depth (14,741ft true vertical depth) and test three amplitude supported target sands with mapped gross prospective resource potential of 5.2 million barrels of oil and 13 billion cubic feet of gas. If successful, a well completion will be run immediately prior to the rig leaving.

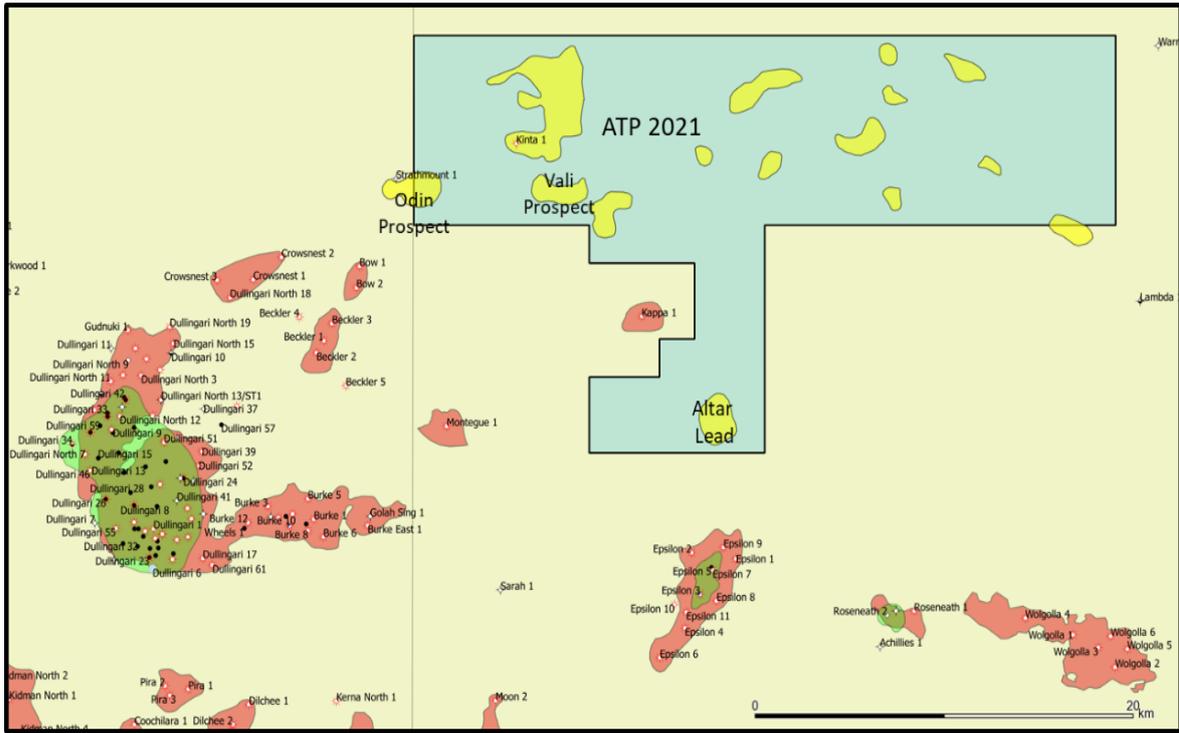


- This innovative planning approach to drill from another operator's production platform has reduced the economic threshold of the well.
- The processing and commercial agreement with the SM73 platform operator provides the opportunity after oil and gas marketing agreements are signed, to rapidly (within 3 months) commence production via the platform and the connected oil and gas pipeline network to local customers.
- A follow-up prospect has been identified immediately south of the Raptor Prospect. This prospect will be pursued by the joint venture if the Raptor Prospect is successful.

Cooper/Eromanga Basin ATP2021 - Three sizeable drill ready gas prospects close to infrastructure connected to an excellent high price gas market

Licence Background

- In 2018, Metgasco accelerated the sub-surface understanding of the permit by purchasing a section of regional new high-quality 3D survey from a neighbouring operator. This has enabled the identification of two new prospects Odin and Vali.



- The exploration well Kinta-1, drilled in the permit in 2003, logged gas pay in the Patchawarra Formation but did not flow gas on test. Metgasco believes that the poor test results were a function of poor drilling and well evaluation practices at the time, not poor reservoir quality. As a result, the Kinta-1 prospect is judged worthy of re-drilling.
- The new 3D seismic data revealed that the exploration well Strathmount-1 drilled in 1986, was drilled outside structural closure at Patchawarra Formation level and was not a valid test of the newly identified Odin prospect which extends into the neighbouring permit.
- In November 2018, the recoverable Gas Prospective Resources in the Permian sandstone of the Vali and Odin prospects, was announced (see tables below) illustrating the significant gas potential close to local producing infrastructure pipelines and East gas markets with a rising demand and strong pricing.

Odin Prospect	Low (P90)	Best (P50)	High (P10)
Net OGIP (Raw) Bcf	3.8	12.0	37.8
Net Recoverable Gas (Raw) Bcf	2.7	8.7	27.2

Vali Prospect	Low (P90)	Best (P50)	High (P10)
Net OGIP (Raw) Bcf	6.6	26.3	101.2
Net Recoverable Gas (Raw) Bcf	4.8	19.0	72.9

- Metgasco has recently completed investigation of preliminary well cost estimates and processing and pipeline tariff costs. The risked based exploration economics are compelling for the exploration Prospect Vali as a single well standalone development.

Future Activities

- The prospective gas volume in the large Kinta structure is being evaluated.
- Further sub-surface work is being completed on the shallow oil prospectivity of the permit

Cooper/Eromanga Basin ATP2020 - Reprocessing seismic to identify a gas exploration prospect

- Existing 2D seismic data is currently being reprocessed to determine if the Loki lead can be upgraded to drillable status.
- This reprocessing work is scheduled to be completed in early Q2 CY2019 when a forward program in the permit will be determined.

ATP2021/2020 Farm-Out Status - Continued strong interest in a Farm-in by quality companies

- A data room was opened in late 2018 and a targeted group of respected potential partners have been contacted.
- There are currently three new companies reviewing the data room information and Metgasco remains confident that a quality aligned partner can be secured.

Business Development

- Metgasco continues to review value adding business development opportunities which correspond to our strategy announced in 2018.

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 091180
philip.amery@metgasco.com.au

Ken Aitken
Chief Executive Officer
+61 2 9923 9100
ken.aitken@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
