



ASX / MEDIA RELEASE

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Perth Basin farm-in agreement executed

Metgasco signs exploration farm-in agreement for two well option in the highly prospective Perth Basin Western Flank

The Board of Metgasco Ltd (ASX:MEL) (“Metgasco” or the “Company”) is pleased to announce that it has executed a binding farm-in agreement with Jade Energy Holdings subsidiary RCMA Australia Pty Ltd (“RCMA”).

The agreement provides for an option to farm-in, by drilling up to two exploration wells, in the L14 production licence (“L14”), located in the northern onshore Perth Basin, in the area immediately south west of the producing Jingemina oil field.

Jingemina has produced approximately 4.6 million barrels of oil to date.

The first exploration well option is exercisable up to 15 November 2019 and a technical review by Metgasco is well advanced.

- Metgasco has secured an option (exercisable by 15th Nov 2019) to drill one 2600-2900m exploration well in the Western Flank of the L14 licence area in the period to Q3 CY 2020. With a commitment to drill Metgasco earns a 60% equity interest in any discovery from the well by paying 100% of the well costs and the Company has the right to select the prospect to be drilled.
- Each Western Flank prospect has multiple hydrocarbon targets significantly increasing the probability of success. The Western Flank area of the L14 licence area is considered to be a highly oil prospective exploration area (see Figures 1 and 2 below) and is in close proximity to recent large gas discoveries and the Jingemina, Mt Horner, Hovea, Eremia, Xanadu and Cliff Head oil fields.
- Metgasco also has secured the right to drill an optional 2nd exploration prospect by December 2020 within uncommitted areas of the L14 licence on like for like farm-in terms subject to the first well having been committed on a firm basis for drilling in 2020. This option is exercisable between April and December 1, 2020.
- Metgasco and RCMA have the right to secure additional farm-in partner/s in relation to the project for up to a 30% interest. The introduction of another farminee would reduce both the commitment cost and equity interest of MEL proportionately. Prior to the first well proceeding, should Metgasco elect to drill pursuant to its option, government regulatory access and approval timing confirmation must also be obtained.
- Metgasco has significant in-house technical experience and history with respect to the L14 licence area and has carefully reviewed the exploration prospectivity of the Western Flank. Metgasco believes that one 2600-2900m exploration well can be drilled through four different prospective geological formations (including the Cattamara, Dongara, Kingia and High Cliff) materially increasing the potential for an oil discovery.
- Metgasco has been seconded by RCMA as exploration project manager for the project.

Dongara sand to date.

The Western Flank area in block L14 has been highlighted to have the potential of large shallow undrilled structures with oil charged Kingia sands which are highly permeable gas reservoirs in the Waitsia field circa 10km to the North West.

The details of this ongoing work will be provided in a future ASX release.

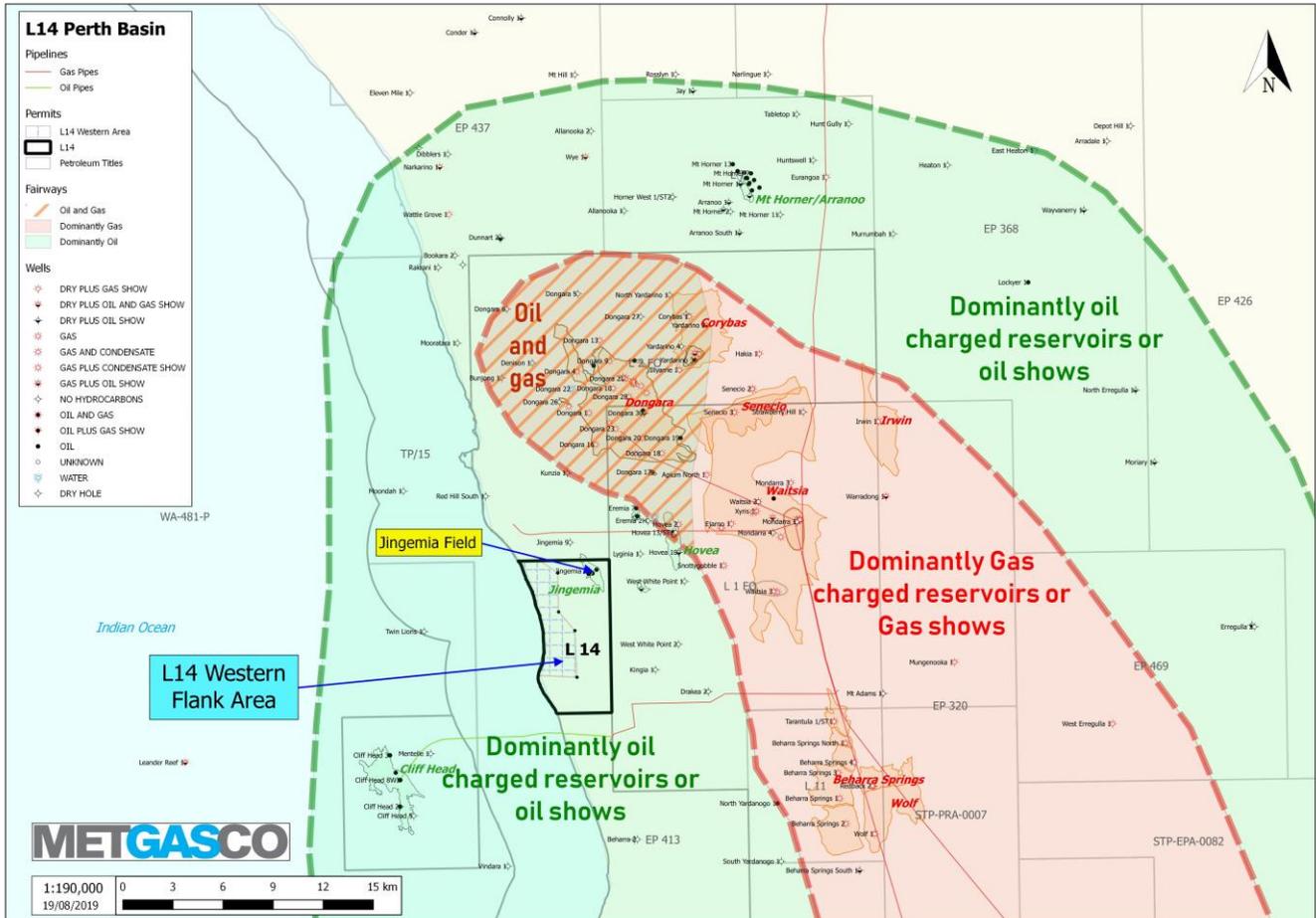


Figure 2: Schematic of Hydrocarbon Distribution, Northern Perth Basin

Metgasco Chief Executive Officer, Ken Aitken, commented:

“Metgasco is pleased to have finalised this agreement with RCMA to rapidly progress well and environmental project plans, secure an additional farm-in partner, and, subject to Metgasco’s election, drill a well on the Western Flank in 2020. We look forward to working with the RCMA team to progress this opportunity. I have always believed that the Perth Basin has a lot more sizeable oil and gas discoveries to be made and this entry deal into the underexplored L14 licence offers significant exploration upside with rapid commercialisation potential.”

“Metgasco looks forward to providing further details of its technical review over the option area shortly.”

On closing this agreement, Director Oil and Gas of Jade Energy and RCMA, Chris Newport, said:

“We look forward to working with Ken & the Metgasco team to commence unlocking and realising the significant oil and gas potential of the L14 license area. We believe that the strategic location of the production facilities & proximity to oil and gas markets, three gas pipelines, a gas storage facility and major north south power lines will all benefit L14 investors and facilitate a fast track to development and revenue.”

Contact and further information:

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

Note: In light of the current binding intention to make a takeover bid announced by Melbana in respect of Metgasco, the Board of Metgasco notes that the binding farm-in agreement constitutes an option, and does not oblige Metgasco to incur material expenditure until exercise.

ENDS

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