



2023 Annual Report

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

On behalf of the Board of Directors I am pleased to present Metgasco's 2023 Annual Report.

The key focus in the first half of the year was for the ATP2021 Joint Venture to bring the Vali gas field into production. Expectations of first gas from Vali were unfortunately delayed from December 2022 to February 2023 due to significant rain events at site, wide-ranging supply chain equipment delivery delays caused by the COVID-19 pandemic and the re-scheduling of the pipeline and facilities installation due to skilled labour shortages.

First gas production from the Vali field was a significant milestone for Metgasco and achieved our goal of pivoting from being an explorer to becoming a gas producer and delivering Metgasco's maiden revenue to assist funding future business growth. The successful start of production from the Vali field represents the culmination of a staged process of asset value creation by Metgasco, from our initial application for ATP2021, technical appraisal, farm-out and, with our partners, a successful exploration and appraisal drilling program which confirmed Vali as a significant new gas field with gross 101 PJ gas reserves.

Eastern Australia requires multiple new sources of gas to address supply shortages and with the commercial value drivers compelling the Joint Venture resolved in November 2022 to accelerate connection and sales from the Odin GAS field via a two-stage connection program. The accelerated connection, involving a 1.4 km linkage to the Vali-Beckler pipeline, has been completed within the targeted time frame of the September 2023 quarter.

On 15 May a Gas Sales Agreement ("GSA") was signed between the PRL211 Joint Venture parties and Pelican Point Power Limited, a joint venture between ENGIE Australia and New Zealand (72%) and Mitsui & Co Ltd (28%), to supply gas from the Odin field from field start-up until 31 December 2024. As producers supplying less than 100 PJ exclusively to the domestic market Metgasco and its joint venture parties are exempted from the gas price cap.

After the end of the financial year, on 14th September 2023, first gas from Odin was delivered safely on schedule 10 months since commitment by the PRL 211 joint venture to accelerate connection of the field.

On 11 October 2022, Metgasco announced that the Company had undertaken a share placement of 135 million new shares to institutional, sophisticated, and professional investors raising approximately \$2.7 million (excluding costs).

During the March 2023 quarter, Metgasco executed a \$5 million debt facility with long term shareholders Keybridge Capital and Glennon Small Companies. The 36-month facility was secured on attractive terms following an independent debt advisory process and structuring on the part of the company. The debt facility will fund the remaining capital requirements of the Vali field and delivery of the Odin gas field project.

I draw shareholder's attention to a quirk in the annual accounts associated with the options Metgasco issued to our two funders in compensation for the aforementioned funding facilities: movements in our share price (amongst other factors) change the value of these options and require us, under Australian accounting rules, to recognise an accounting gain when the calculated value of these options decreases (usually, when our share price falls), and a corresponding loss when their value increases (usually,

when our share price rises). This counterintuitive outcome and impact on our statutory accounts has no practical effect on the Company's cashflows.

2023 has been a transformational year for Metgasco as it has transitioned from explorer to gas producer and maiden revenue via commissioning the Vali and Odin gas fields. Metgasco intends to build on the Vali and Odin production profile and, via future drilling and remediation of recent challenges at Vali-2 and 3, deliver substantial and growing central Australian gas production to the local market.

As fellow shareholders in Metgasco, the board is acutely aware of the disappointment accompanying the share price performance of the Company's securities on the ASX over the last year. The Company believes however that, as investment markets come to appreciate both the strategic value of Metgasco's growing gas production profile, and the market conditions likely to underpin robust longer term prices for our commodity, recognition of value will inevitably follow.

I commend the Annual Report to you.

Sincerely,

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

Philip Amery

Chairman

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Your Directors present their report on Metgasco Ltd (“Metgasco” or the “Company”) and the entity it controlled for the year ended 30 June 2023

Principal Activities

The principal activities of the Company during the financial year were oil and gas exploration, appraisal, development, production and investment in and development of associated energy infrastructure. The key change in the nature of activities during the financial year was Metgasco achieving the significant milestone of pivoting from explorer to gas producer and inaugural company revenue generation due to the Vali gas field starting production on 21st February 2021.

Company Information

Metgasco is a company limited by shares, which is incorporated and domiciled in Australia. Metgasco was incorporated on 22 June 1999 and converted to a public company on 28 June 2002. On 23 December 2004 Metgasco became a publicly traded company on the Australian Securities Exchange.

Review of Operations

Cooper/Eromanga: ATP2021

[ATP 2021 \(Metgasco 25%, Vintage 50% and operatorship, Bridgeport \(Cooper Basin\) Pty Ltd 25%\)](#)

ATP2021 is located in Queensland adjoining the Queensland- South Australia border (see Figure 1 below). ATP2021 contains the Vali gas field, discovered by Vali ST1 in January 2020 and successfully appraised by Vali-2 and Vali-3 in the June and September quarters of CY2021. These wells have been completed and connected to the Cooper Basin gas gathering network.

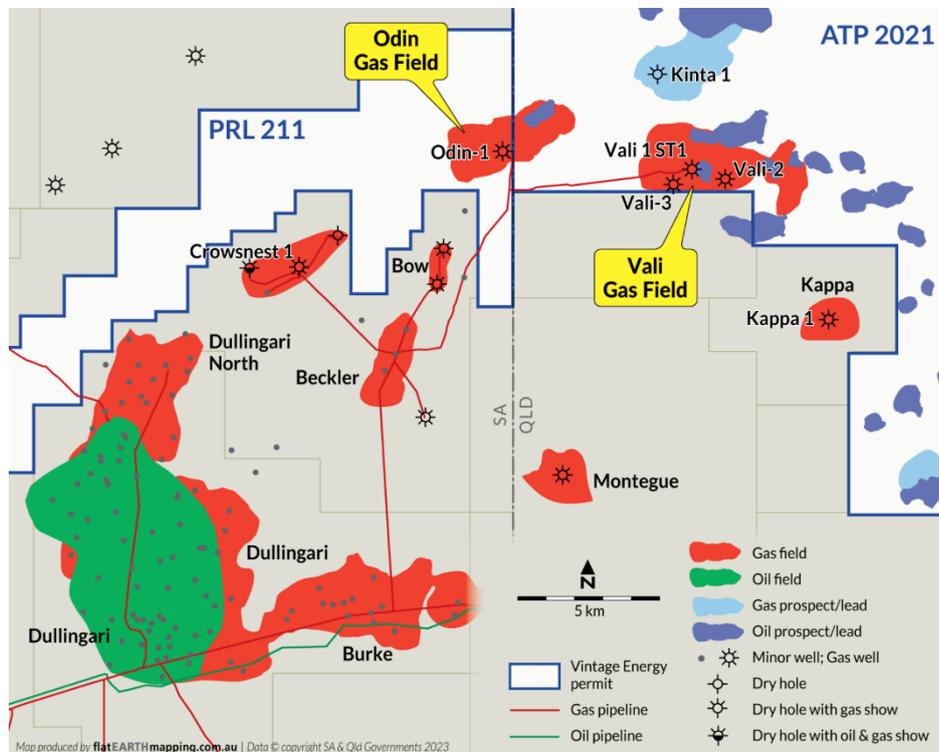


Figure 1: Cooper Basin permits PRL 211 and ATP 2021 including well locations Odin-1, Vali-1 ST1, Vali-2 and Vali-3 Source: Vintage

Activity during the September quarter was focussed on the well completion campaign and progressing the preparation for pipeline and facilities project works.

The well completion campaign commenced early July 2022 and concluded mid-August 2022 having completed Vali-1 ST1, Vali-2 and Vali-3 as future gas producers. The Vali wells were completed as tandem producers enabling production from either or both of the Patchawarra and Toolachee formations. The wells were flowed for short periods following completion operations for clean-up. Production performance of the wells will be monitored and analysed after connection of the field to infrastructure and production commenced.

The pipeline and facilities construction phase comprised installation of gas gathering, separation, metering and cooling infrastructure at Vali and the installation of dual 13 km pipes to connect the Vali field to the Moomba gas gathering system at the Beckler Field in South Australia. (see Figure 1 above).

The pipeline and facilities construction phase commenced during the Sept quarter with the prefabrication of production skids. Site works for pipeline installation commenced in September, later than previously anticipated, due to the ongoing effect of wet weather at site, skilled trade shortages on fabrication timelines and tight contractor crew availability the pipeline and facilities commissioning took four months longer to complete than originally planned.

First gas supply to customer AGL from the Vali field commenced on 21 February 2023 as Vali-1 was brought online. Vali-1 production is currently being sourced solely from the Patchawarra Formation. Vali-1 was online for 104 days during the financial year and produced to expectations with average raw gas production of 3.56 MMscf/d for the June quarter.

Vali-3 commenced production on 27 March 2023 via the Toolachee reservoir for four days at an average rate of 1.3 MMscf/d however high fluid rates impaired the ability to export gas stably through the Vali facilities.

Consistent production is yet to be established from Vali-2 and Vali-3. As both wells required fluid removal prior to the initiation of stable production. These operations are yet to be completed, with progress during the June quarter impaired by equipment availability/waiting times and rolling road closures following rainfall. Fluid removal operations recommenced in late July following delivery of equipment.

As advised previously, the initial phase of production from Vali is directed to field appraisal, with the data acquired to inform preparation of a full field development plan. The appraisal process will be reflected in variable production as individual zones and formations are assessed, understood and optimised.

Metgasco's 25% share of gas supplied by the Vali gas field from 21st February to 30th June CY23 was 60 terajoules of sales gas, 190.5 bbls of condensate, 9 tonnes of LPG and 2 terajoules of ethane. Gas from the field is being supplied to AGL pursuant to the long-term contract announced 23 March 2022.

The AGL gas contract provides for the supply of an estimated 9 to 16 PJ by the joint venture from start up to December 2026 within the framework of two supply tranches. AGL prepaid \$15 million to the joint venture in June 2022 as an advance payment to be recouped over the life of the contract.

Cooper/Eromanga: PRL 211

[PRL 211 \(Metgasco 25%, Vintage 50% and operatorship, Bridgeport \(Cooper Basin\) Pty Ltd 25%\)](#)

PRL 211 lies in the South Australian Cooper Basin, with the licence's eastern boundary adjacent to the ATP 2021 western boundary (see Figure 1 above). The licence is in close proximity to the South Australian Cooper.

Basin's Joint Venture's gas production infrastructure at the Beckler, Bow and Dullingari fields. The Odin Gas Field, discovered by the PRL 211 Joint Venture in 2021, is located in both PRL 211 and ATP 2021 on the southern flank of the Nappamerri Trough in the Cooper Basin.

The Toolachee and Epsilon formations were successfully flow-tested at Odin-1 in the final quarter of CY 2021, with a stable rate of 6.5 million standard cubic feet per day recorded at a flowing wellhead pressure of 1,823 psi through a 28/64" fixed choke. At the end of the flow period, a multi-rate memory production log was acquired, which confirmed gas was being contributed from each of the perforated Epsilon and Toolachee formations.

Concept Engineering studies to evaluate options for connection of Odin-1 to the Vali-Beckler pipeline were completed during the December quarter. On consideration of the studies the PRL 211 joint venture resolved to accelerate connection and sales from the field via a two-stage connection program.

The connection project will provide an interim accelerated connection and sales from Odin, contemporaneous with work on the longer-term connection option selected by the joint venture from the concept work. This long-term connection option comprises connection of the Odin gas field to facilities at the Vali gas field for dewatering, metering and transport to the Beckler tie-in point. The Vali gas field is also owned by the same joint venture parties (in the ATP 2021 Joint Venture)

The accelerated connection will use temporary rental equipment and the installation of a 1.4-kilometre Fiberspar connection from the well-site to the mid-line riser of the pipeline currently being installed to transport gas from the Vali gas field to the Moomba gas gathering network at Beckler. The long-term connection will enable metering and dewatering of the Odin gas stream at Vali prior to transportation to Beckler and required installation of a 6.3-kilometre Fiberspar pipeline from the mid-line riser to the Vali facilities.(see Figure 2)

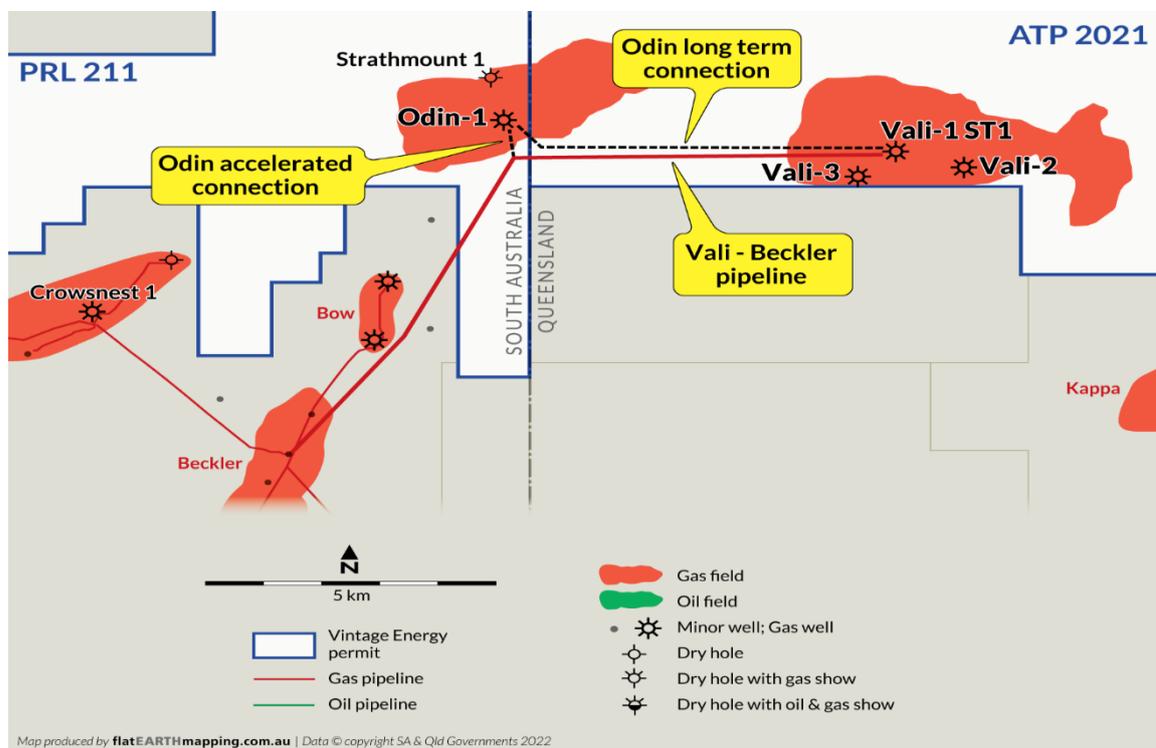


Figure 2: Illustration of Odin accelerated connection and long term connection to Vali

Site works on the Odin accelerated connection commenced in December with right of way surveying. Fiberspar line from the Odin well-site to the Vali-mid-line riser was installed in January following line clearing and trenching. Mechanical and civil construction commenced field work in late July 2023.

Subsequent to the annual reporting period first gas production was safely achieved on 14 September 2023.

On 15 May a Gas Sales Agreement (“GSA”) was signed between the PRL211 Joint Venture parties and Pelican Point Power Limited, a joint venture between ENGIE Australia and New Zealand (72%) and Mitsui & Co Ltd (28%), to supply gas from the Odin field from field start-up until 31 December 2024. This was the maximum period permissible for contracting under the existing interim ACCC authorisation for Odin which prevailed at contract execution. Odin’s gas supply contract is reflective of the gas market dynamics prevailing in the first half of calendar year 2023, compared to the Vali agreement which was agreed in the latter half of 2021 when price expectations were lower. The GSA was unaffected by the the Federal government price gap as a producer supplying less than 100PJ of gas to the domestic market. Metgasco is not subject to the \$12/GJ price cap.

In May the PRL211 JV received ACCC authorisation to jointly market gas produced from Odin for a period of 5 years with a maximum gas supply term of 15 years to 16 June 2043.

The authorisation replaces the interim authorisation granted which permitted joint marketing for supply to December 2024.

The PRL211 JV initiated marketing of gas from January 2025.

Cooper Basin: PRL237

Metgasco has 20% working interest in the PRL237 licence. In November CY22 the PRL 237 Joint Venture Operating Committee approved the application for a further 12-month licence suspension for PRL 237. No other activities occurred in the reporting period.

Perth Basin: L14

The Cervantes -1 was drilled between the 26th March and 6th April 2022. The Permian reservoir was water wet and the well plug and abandoned. Rehabilitation of the Cervantes-1 wellpad and access track took place between March and July 2023.

Patriot Hydrogen

On 16 August 2022 Metgasco signed an agreement for the phased acquisition of Patriot Hydrogen Limited (Patriot), a renewable hydrogen and energy developer with near term production, containing certain technical and commercial milestones (conditions precedent). Metgasco terminated the agreement on 10 November with Patriot due to a number of the transaction conditions precedent not being met.

Metgasco provided a modest secured working capital facility to Patriot, for plant shipment and delivery, and in the June quarter successfully recovered the loaned funds. This recovery of funds concludes the company's engagement with Patriot Hydrogen definitively.

Reserves & Resources statement

During 2023, Metgasco Ltd and its joint venture partners commenced sale of gas and gas liquids produced from the Vali gas field in the Cooper Basin. Accordingly, and consistent with PRMS requirements, the 2023 reserves statement below reports separate classification for each of the hydrocarbon products produced and sold: sales gas; ethane; liquified petroleum gas and condensate. These volumes were reported as a single sales gas volume in previous years.

Proved (1P) Reserves

Area	FY22 (MMboe)	Production	Contingent Resources to Reserves	Revisions	FY23 (MMboe)	Developed (MMboe)	Undeveloped (MMboe)
Cooper Basin	2.04	(0.01)	0	0	2.03	0.495	1.535
Total	2.04	(0.01)	0	0	2.03	0.495	1.535

Proved and Probable (2P) Reserves

Area	FY22 (MMboe)	Production	Contingent Resources to Reserves	Revisions	FY23 (MMboe)	Developed (MMboe)	Undeveloped (MMboe)
Cooper Basin	4.34	(0.01)	0	0	4.33	0.53	3.8
Total	4.34	(0.01)	0	0	4.33	0.53	3.8

2P Reserves (PJ) Net to Metgasco by product

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Area	FY23 Total (MMboe)	Sales gas (PJ)	Ethane (PJ)	LPG (kTonne)	Condensate (MMbbl)
Cooper Basin	4.33	23.375	0.985	5.535	0.1
Total	4.33	23.375	0,985	5.535	0.1

Notes to the Cooper Basin 1P and 2P reserve assessment:

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. Probabilistic methods have been used for individual sands and totals for each reservoir interval have been summed deterministically.
5. 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.
6. Volumes are net of fuel and flare volumes.
7. Ethane has been reported separately from Sales Gas as it is sold separately in the case of Vali Field.
8. All quantities are subject to rounding to two decimal places for clarity purposes.
9. Conversion factors. A conversion factor of 1.0973 is applied to convert from billion standard cubic feet (Bscf) to petajoules (PJ). Barrels of oil equivalent conversion factors applied are: sales gas and ethane 1 PJ=171.94 Kboe; LPG 1 Ktonne =8.458 Kboe; 1barrel (bbl) condensate = 0.935 boe
10. These reserves were first reported by Metgasco in an ASX release dated 1 November 2021.

Contingent Resources

2C Contingent Resource (PJ) Net to Metgasco

Area	FY22 (PJ)	Acquisitions & Divestments	Contingent Resources to Reserves	Revisions	FY23 (PJ)	Gas (PJ)
Cooper Basin	9.55	0	0	0	9.55	9.55
Total	9.55	0	0	0	9.55	9.55

Notes on Cooper Basin contingent resource assessment:

1. Gross contingent resources represent 100% total of estimated recoverable volumes within PRL 211 and ATP 2021.
2. Working interest contingent resources represent Metgasco's share of the gross contingent resources based on its working interest in PRL 211, which is 25%, and ATP 2021, which is 25%.
3. These are unrisks contingent resources that have not been risked for Chance of Development and are sub-classified as Development Unclassified.
4. Contingent resources volumes shown have had shrinkage applied to account for inerts removal and include hydrocarbon gas only.
5. No allowance for fuel and flare volumes has been made.
6. Resources estimates have been made and classified in accordance with the Petroleum Resources Management System 2018 ("PRMS").
7. Probabilistic methods have been used for individual sands and totals for each reservoir interval have been summed deterministically.
8. A conversion factor of 1.09 is applied to convert from billion standard cubic feet (Bscf) to petajoules (PJ).
9. Contingent resources certified by ERCE are as at 14 September 2021.
10. These Contingent resources were first disclosed in a release to the ASX on 16 & 17 September 2021 and updated for increase in interest to 25% in an ASX release on 29 March 2022

Climate Change

The Company acknowledges climate-related risks and the need for these to be managed effectively particularly across the energy industry. With Metgasco's conversion to becoming a gas producer we are establishing a board policy on related to carbon net zero. As a result, the Company actively monitors current and potential areas of climate change risk.

Key climate-related risks and opportunities relevant to the Company's operations include:

- The start of production from the Vali field in February 2023 allowed Metgasco to pivot from explorer to producer status. Metgasco likely to have the opportunity to offset Vali (and future Odin) carbon emissions when Santos complete the installation of the Moomba plant carbon capture and storage project.
- Climate change induced severe weather events and changes to weather patterns which may impact demand for petroleum products in some markets and an associated potential impact on life of assets. These events could have a financial impact on the Company through increased operating costs and revenue generation of its potential future production assets.
- Changing community sentiment towards fossil fuel projects.
- Transition to a lower carbon economy also gives rise to opportunity for the Company's potential future gas production assets. Natural gas is viewed as a key element to supporting a sustainable energy transition.
- Policy changes by governments which may result in increasing regulation and costs which could have a material impact on the Company's operations.

The Company is committed to continually improve climate change related disclosures as processes and understanding of climate change related matters improve alongside the Company's activities and operations.

Significant Changes in the State of Affairs

There have been no other significant changes in the state of affairs of the Company during the year.

Likely Developments and Expected Results

During the first half of FY24, the Company anticipates the following developments:

- Analysis ,planning and conduct of work to bring Vali-2 online and to determine the most suitable work program for Vali-3.
- Subsequent Event -Commissioning and first gas from the Odin-1 well on 14 September 2023
- Post Dec CY24 gas sales agreement for the Odin field
- Odin study to review conversion of independent Resources to Reserves.
- Initiate engineering on Odin long term connection plans
- Further Odin appraisal well planning

Metgasco continues to pursue transformative transaction, acquisition and partnership opportunities. Potential transaction opportunities remain focused on assets capable of generating reliable income streams via exposure to operating production and with a preference for opportunities within Australia.

Operating Results for the Year

The consolidated net loss after tax of the Group for the year ended 30 June 2023, amounted to \$1,529,171 (2022: Loss \$6,113,330).

Effects on COVID-19 on the Company

The commissioning of the Vali field was delayed by 4 months to February 2023. Part of this reason was due to overseas sourced equipment supply chain delays due to the COVID-19 pandemic.

Dividends

No dividends have been paid or declared since the end of the previous year and no dividends have been recommended by the Directors in respect of the year ended 30 June 2023.

Proceedings on Behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

Environmental Regulation and Performance

Exploration and development activities are subject to State and Federal laws, principally the Petroleum (Onshore) Act and Environmental Protection Act and associated regulations in QLD, WA & SA. Metgasco has a policy of complying with its environmental performance obligations.

Directors

The following persons were Directors of Metgasco during the whole of the financial year (except where otherwise noted) and up to the date of this financial report:

Philip Amery	Non-Executive Chairman
Ken Aitken	Managing Director
John Patton	Non-Executive Director
Robbert Willink	Non-Executive Director
Peter Lansom	Non-Executive Director

Company Secretary

Paul Bird	Company Secretary (appointed 12 February 2020, resigned 19 September 2022)
Victoria Mclellan	Company Secretary (appointed 19 September 2022, resigned 29 June 2023)
Sonu Cheema	Company Secretary (appointed 29 June 2023)

Philip Amery

Independent Non-Executive Chairman
Appointed: 23 December 2015

Mr Amery is an experienced capital markets advisor and private banker. He holds BA and LLB degrees (Adelaide) and is a graduate of the Financial Asset Management and Engineering Program of the Swiss Finance Institute.

Special responsibilities: Member of the Audit and Risk Management Committee and a member of the New Business and Investment Committee.

Other directorships of listed companies: Nil.

Previous directorships of listed companies during the last three years: Austar Gold Limited

Ken Aitken

Managing Director
Appointed: 23 July 2021

Mr Aitken has been Chief Executive Officer of Metgasco since November 2018 and then became managing director 23 July 2021. His strategic contribution and operational leadership has been pivotal in progressing the Company's Cooper Basin portfolio and the Cervantes-1 L14 drilling in the Perth Basin.

Mr Aitken brings over 35 years worldwide experience in large and small independent operating oil and gas companies. He has a successful track record in Asset / Sub-Surface/Production leadership and operational roles across companies such as Origin Energy, Mitsui, Amerada Hess, Enterprise Oil and Apache. Prior to his role at Metgasco, as Western Australian Asset Manager for Origin, where his team led the Redback, Beharra Springs and Jingemina projects, and as senior (non-director) executive at Empire Oil & Gas, he developed a strong working knowledge of Perth Basin onshore exploration and development operations.

Mr. Aitken holds a BSc in Mechanical Engineering from Heriot-Watt University, Scotland, and is a Graduate Member of the Australian Institute of Company Directors.

Other directorships in listed companies: None

John Patton

Non-Executive Director
Appointed: 19 September 2016

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Mr Patton is a senior executive with extensive finance experience in the corporate and professional services sectors. John was previously a partner with Ernst & Young in the Transactions Advisory Services division. With over 25 years of professional services and industry experience, John has extensive corporate finance credentials, having been involved in over 150 corporate transactions, including mergers & acquisitions (lead advisory), structuring, debt and equity raisings, IPOs, management buy-outs, valuations (including Independent Expert Reports), due diligence, financial modelling, restructuring and corporate advisory.

In addition, John has held the positions of CFO, acting CEO and alternate director of Epic Energy Company, a major infrastructure owner of high-pressure gas transmission pipelines in Australia. This business was the core asset within the ASX-listed Hastings Diversified Utilities Fund. As a result, John has solid hands-on operational experience with, and a strong appreciation of regulatory, commercial, financial, capital structure and external stakeholder management issues and requirements associated with major assets within an ASX-listed environment in Australia.

Special responsibilities: Chairman of the Audit and Risk Management Committee.

Other directorships in listed companies: Yowie Group Ltd and Keybridge Capital Limited

Previous directorships of listed companies during the last three years: Keybridge Capital Limited

Robbert Willink

Independent Non-Executive Director

Appointed: 5 February 2018

Dr. Willink has 40 years of experience in the Oil & Gas industry. Following graduation with a first-class honours degree and the completion of his PhD in Geology, Dr. Willink embarked on a career in exploration that led through various overseas assignments to executive appointments in leading Australian Oil & Gas companies. Dr. Willink has worked for companies such as Shell, Sagasco Resources, Origin Energy and Central Petroleum. Among other executive roles, Dr. Willink held the position of Executive General Manager, Geoscience & Exploration New Ventures with Origin Energy from 2005 to 2011.

Dr. Willink has held executive and non-executive director positions of other ASX listed companies in the past and was previously an Exploration Advisor of the privately-owned company Timor Resources. Since retirement from fulltime work, Dr. Willink has returned to advisory and consulting work.

Special responsibilities: Member of the Audit and Risk Management Committee and a member of the New Business and Investment Committee.

Other directorships of listed companies: None

Previous directorships of listed companies during the last three years: Nil

Peter Lansom

Independent Non-Executive Director

Appointed: 4 August 2021

Peter Lansom is a highly experienced, senior executive and director, with proven skills and knowledge across the upstream energy sector.

Along with a strong technical engineering background in subsurface oil and gas, in both conventional and unconventional reservoirs (including the onshore Cooper and Perth Basins), Peter has substantial board and management experience within the listed energy sector, most significantly as Managing Director of Galilee Energy Limited (GLL) (2013 - 2021) and as Executive Director and Chief Operating Officer of Eastern Star Gas (ESG) (from 2008 through to ESG's \$900m acquisition by Santos).

Prior to his board and corporate leadership career, Peter held various senior roles with Origin Energy from 1997 - 2007, culminating as Manager E&P Petroleum Engineering and Chief Petroleum Engineer, and with Santos Limited, as Reservoir Engineer and Senior Petroleum Engineer. Peter holds a Bachelor of Petroleum Engineering (Honours) from the University of New South Wales.

Special responsibilities: Member of the New Business and Investment Committee.

Other directorships of listed companies: Bengal Energy

Previous directorships of listed companies during the last three years: Galilee Energy Limited, Jade Gas Holdings

Paul Bird

Corporate Secretary

Appointed: 12 February 2020

Resigned: 19 September 2022

Paul Bird is a Chartered Accountant and Governance Professional with over 25 years' experience, predominantly within the energy sector with ASX listed companies. He has held previous senior finance leadership roles with national oil companies, publicly listed and private oil companies in Australia, US, Europe and SE Australia. Paul has been responsible for many aspects of finance and business administration, including financial control and reporting, corporate governance, debt and capital raising, treasury management, insurance and risk management, and tax planning.

Victoria McLellan

Corporate Secretary

Appointed: 19 September 2022

Resigned: 29 June 2023

Victoria McLellan is a Chartered Accountant with over 15 years' experience in the oil and gas industry both internationally and within Australia. She has been involved in North Sea Operations, Gorgon and Wheatstone Development Projects, among others. Vicky received her training from PriceWaterhouseCoopers, a leading global accounting and services firm, and is a member of the Institute of Chartered Accountants Scotland.

Sonu Cheema

Corporate Secretary

Appointed: 29 June 2023

Sonu Cheema is a director of the accounting firm Nexia Perth. He holds a Bachelor of Commerce and is a member of Certified Public Accountant (Australia). Sonu is a Director and Company Secretary of listed, unlisted, and private companies across a broad range of industries. His focus is on financial reporting, management accounting and corporate services where he has gained over 12 years experience.

Indemnification of Directors and Officers

Throughout the reporting period, the Company has maintained Directors' and Officers' insurance for the purpose of covering any loss which Directors and Officers may become legally obligated to pay on account of any claim first made against him/her during the policy period and for a wrongful act committed before or during the period of insurance. The amount paid by way of premium is unable to be disclosed due to confidentiality provisions in the insurance contract.

Meetings of Directors

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Director's Meetings		Meetings of committees
	Number of meetings held while a director	Number of meetings attended while a director	Audit & Risk Management
P. Amery	23	23	2
K. Aitken	23	22	2
J. Patton	23	22	2
R. Willink	23	22	2
P. Lansom	23	21	2

No Nomination & Remuneration Committee nor New Business Investment Committee meetings were held during the year.

Committee membership

As at the date of this report, the Company had an Audit & Risk Management committee, of the board of directors. Members acting on the committee of the board during the year were:

Audit & Risk Management
J. Patton (chair)
P. Amery
R. Willink

Interests in the shares, options, and performance rights of the Company and related bodies corporate

All Directors have acted as Directors of the Company for the entire financial year unless otherwise disclosed.

At the date of this report, the direct and indirect interests of the Directors and officers in the securities of Metgasco are as follows:

	Options	Ordinary Shares
P Amery	4,500,000	14,032,353
J Patton	2,500,000	2,488,369
R Willink	2,500,000	8,090,629
K Aitken	12,500,000	3,226,470
P Lansom	2,500,000	2,211,500

Unissued shares under option

The Company has the following options on issue :

- a) 33,875,000 issued on 10 December 2021
 - o One option may be exercised and converted into one fully paid ordinary share in the Company;
 - o An exercise price to of \$0.045 per option with expiry date of 10 December 2024.
- b) 64,102,543 issued on 5 May 2022
 - o One option may be exercised and converted into one fully paid ordinary share in the Company;
 - o An exercise price to of \$0.045 per option with expiry date of 10 December 2024.
- c) 2,000,000 issued on 6 May 2022
 - o One option may be exercised and converted into one fully paid ordinary share in the Company;
 - o An exercise price to of \$0.045 per option with expiry date of 10 December 2024.

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- d) 2,000,000 issued 8 December 2022
 - o One option may be exercised and converted into one fully paid ordinary share in the Company;
 - o An exercise price to of \$0.036 per option with expiry date of 07 December 2025.
- e) 159,582,712 issued on 22 March 2023
 - o One option may be exercised and converted into one fully paid ordinary share in the Company;
 - o An exercise price to of \$0.025 per option with expiry date of 22 March 2026.

Shares issued during or since the end of the year as a result of exercise

A total of 8,666 options were exercised, and 58,388,646 lapsed during the year. No options were exercised by staff in the year and up to the date of this report.

Remuneration Report (Audited)

Policy

Metgasco has a structured remuneration framework which provides a competitive base pay coupled with short and long term incentives to reward employees for above average performance and to create incentive over time to build value in the Company.

Use of Remuneration Consultants

Metgasco has neither sought nor received any recommendations from remuneration consultants during the year.

Non-Executive Directors

Remuneration for non-executive directors is normally determined at market rates by conducting an annual benchmarking exercise against a pool of comparable companies.

The structure of remuneration for Non-Executive Directors comprises a Base Fee inclusive of superannuation plus, where applicable, Committee Fees for participation as a member of a Board Committee. Fees to Non-Executive Directors are approved by the Board and set in aggregate within the maximum amount approved by shareholders. The maximum amount of fees approved to be paid to Non-Executive Directors by shareholders on 16 November 2010 was \$500,000. Fees paid to Non-Executive Directors during the year to 30 June 2023 were \$253,687.

Executive Team

Remuneration for the executive team is determined at market rates by conducting an annual benchmarking exercise against a pool of comparable companies. All employees are classified into a job band and the mix of remuneration between base pay, short term incentives and long term incentives is applied within the framework of the job band. The combination of these is considered to be the Total Remuneration for each executive team member.

Given the stage of development of the Company, financial performance conditions, which would encompass KPI measures such as revenue, profit or EBITDA are not considered to be appropriate for assessing performance. Instead, an assessment of each individual's performance against individual and team objectives is undertaken.

Base Pay

Base pay is structured as the total cost of employment to the Company and comprises a fixed base pay amount paid in cash, superannuation and certain non-cash benefits in particular cases.

Benefits

Benefits may include Income Protection Insurance, car parking or motor vehicle leasing and running expense payments.

Short Term Performance Incentives (STIs)

The Company has a current STI plan linked to the fulfilment of key performance indicators (KPIs). The KPIs are designed to promote shareholder value creation and include financial and non-financial measures. The financial and non-financial KPIs include base and stretch targets related to, but not limited to health and safety results, exploration outcomes and share price appreciation. All STI bonuses are subject to Board approval.

Long Term Incentives (LTIs)

The Company has a current LTI program linked to share price appreciation, with the purpose to align the interests of employees with shareholders and to reward, over the medium term, employees for delivering value to shareholders through share price appreciation.

REMUNERATION REPORT (CONTINUED)

In the case of options, once they are granted, the conditions required to ensure vesting are a service condition and a volume weighted share price condition. Future performance of an individual is therefore not a condition affecting the vesting of options granted in past periods.

The current LTI program is based on the issuance of Performance Rights, which may be converted into fully paid ordinary shares on a one for one basis. Each Performance Right contains a vesting hurdle which must be overcome before the Performance Right can be exercised. The vesting hurdle is linked to a certain share price of a value higher than the current share price and has a time limit to expiry.

Key Management Personnel

The Directors and key management personnel of the Company during the reporting period are as follows:

- Philip Amery Non-Executive Chairman
- Ken Aitken Managing Director
- John Patton Non-Executive Director
- Robbert Willink Non-Executive Director
- Peter Lansom Non-Executive Director

Elements of Remuneration related to Performance

The Corporations Act requires disclosure of the Company's remuneration policy to contain a discussion of the Company's earnings and performance and the effect of the Company's performance on shareholder wealth in the reporting period and the four previous financial years. The table below provides a five-year financial summary to 30 June 2023.

12 months ended	Jun-23	Jun-22	Jun-21	Jun-20	Jun-19
Net Profit / (Loss) After Tax (\$million)	(1.53)	(6.11)	(1.18)	(7.46)	(14.22)
EPS (loss) (cents) Basic	(0.16)	(0.80)	(0.23)	(1.91)	(3.64)
EPS (loss) (cents) Diluted	(0.16)	(0.80)	(0.23)	(1.91)	(3.64)
Share Price (\$) - start of the year	0.023	0.028	0.029	0.047	0.060
Share Price (\$) - end of the year	0.015	0.024	0.028	0.029	0.047
Share on Issue (million)	1,063.9	930.0	549.7	390.60	390.60
Market Capitalisation (\$million)	15.96	22.32	15.39	11.33	18.36

For the reporting period, the Board determined a set of Company KPIs, reflecting the Company's strategies, business plan and budget. The KPIs and the performance set against them are set out below.

Performance against key strategic objectives set for the year

This measure is concerned with the Company's strategic and qualitative objectives, which are subjective to measure. Some of the key objectives include:

- developing the Company's assets through a competitive farm-out process and attracting suitable joint venture partners.
- acquiring additional assets which are in line with the Company's core strategies and future growth plans.

Performance against financial targets

Under this measure, the Board set specific financial management targets for the year which included cost reductions throughout the organisation including minimising overall corporate costs and ensuring appropriate funding is in place to enable the Company strategy to be delivered.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

Remuneration 2023

Name	Post-Employment Benefits					Total	% of remuneration that is equity based
	Cash Salary & fees	Other benefits	Termination Payments	Superannuation	Option expense for year		
Directors	\$	\$	\$	\$	\$	\$	
P Amery	87,986	-	-	5,701	-	93,687	-
J Patton	50,000	-	-	-	-	50,000	-
R Willink	54,299	-	-	5,701	-	60,000	-
K Aitken	245,045	-	-	25,730	-	270,775	-
P Lansom	45,249	-	-	4,751	-	50,000	-
Total	482,579	-	-	41,883	-	524,462	-

Details of Director Shares Options issued during the reporting period ending 30 June 2023

No options issued to Directors during the year.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

Remuneration 2022

Name	Post-Employment Benefits				Option expense for year	Total	% of remuneration that is equity based
	Cash Salary & fees	Other benefits	Termination Payments	Superannuation			
Directors	\$	\$	\$	\$	\$	\$	
P Amery	60,545	-	-	5,455	65,327	131,327	50%
J Patton	50,000	-	-	-	36,293	86,293	42%
R Willink	54,545	-	-	5,455	36,293	96,293	38%
K Aitken	268,773	-	-	26,877	181,465	477,115	38%
P Lansom	41,667	-	-	4,167	36,293	82,127	44%
Total	475,530	-	-	41,954	355,671*	873,155	41%

*Director Share Options as approved by shareholders at Annual General Meeting held on 9 December 2021.

Details of Director Shares Options issued during the reporting period ending 30 June 2022

Directors	Grant Date	Expiry Date	Exercise Price	Balance at Beginning of year	Granted during year	Exercised during year	Balance at end of year	Fair Value Expensed for year
			\$	Number	Number	Number	Number	\$
P Amery	10/12/2021	10/12/2024	0.045	-	4,500,000	-	4,500,000	65,327
J Patton	10/12/2021	10/12/2024	0.045	-	2,500,000	-	2,500,000	36,293
R Willink	10/12/2021	10/12/2024	0.045	-	2,500,000	-	2,500,000	36,293
K Aitken	10/12/2021	10/12/2024	0.045	-	12,500,000	-	12,500,000	181,465
P Lansom	10/12/2021	10/12/2024	0.045	-	2,500,000	-	2,500,000	36,293
Total				-	24,500,000*	-	24,500,000	355,671

*All options issued during the year vested immediately

REMUNERATION REPORT (CONTINUED)

Key Management Personnel Remuneration

There were no payments received or receivable by key management personnel of the Company or related parties of the Company other than those which are disclosed in the remuneration section of the Directors' Report and in Notes 23 and 24 of the Financial Statements.

At 30 June 2023, the direct and indirect interests of the Key Management Personnel in the ordinary shares of Metgasco are as follows:

Shares 2023	Opening Balance	Granted as Compensation	Received on Exercise of Options	Long term incentives forfeited	Shares Acquired	Closing Balance
P Amery	13,166,969	-	-	-	250,000	13,416,969
J Patton	2,488,369	-	-	-	-	2,488,369
R Willink	6,840,629	-	-	-	1,250,000	8,090,629
K Aitken	1,976,470	-	-	-	1,250,000	3,226,470
P Lansom	961,500	-	-	-	1,250,000	2,211,500

All holdings of shares disclosed this year and prior year are held either directly or indirectly by Key Management Personnel or related parties rather than nominally.

At 30 June 2023, the direct and indirect interests of the Key Management Personnel in the share options and performance rights of Metgasco are as follows:

Options 2023	Opening Balance	Granted as Compensation	Exercised	Lapsed	Closing Balance	Exercisable at balance date
P Amery	4,500,000	-	-	-	4,500,000	4,500,000
J Patton	2,500,000	-	-	-	2,500,000	2,500,000
R Willink	2,500,000	-	-	-	2,500,000	2,500,000
K Aitken	12,500,000	-	-	-	12,500,000	12,500,000
P Lansom	2,500,000	-	-	-	2,500,000	2,500,000

Performance Rights	Opening Balance	Granted as Compensation	Exercised	Lapsed / Cancelled	Closing Balance
K Aitken	-	-	-	-	-

Other key remuneration disclosures

During the year there were no transactions of any kind between the Company and Directors, Key Management Personnel or parties related to these Companies other than what has been disclosed in this remuneration report and in Notes 23 and 24 of the Financial Report. This includes loans, dividends, and consulting services. Any shares issued to Directors or other Key Management Personnel throughout the year were issued as a component of disclosed remuneration, through a rights issue, on-market transactions or through the exercise of options.

There were no payments received or receivable by Key Management Personnel of the Company or related parties of the Company other than as disclosed in this remuneration section of the Directors' Report.

Details of Employment Agreements

It is the Board's policy that all Key Management Personnel and employees enter into Employment Agreements.

Key terms of employment for Mr. Ken Aitken are as follows:

Title:	Chief Executive Officer (CEO).
Total fixed remuneration:	\$300,000 plus statutory superannuation contributions.
Termination period:	Three-month period.

REMUNERATION REPORT (CONTINUED)

Options Exercised by Directors or other Key Management Personnel during the year

During the year no options were exercised by Directors or other Key Management Personnel.

Voting at the Company's 2022 Annual General Meeting

The Remuneration Report for the financial year ended 30 June 2022 was adopted at 94.20% the Company's Annual General Meeting held on 30 November 2022.

Note that no shares or options have been resolved to be issued by way of short term and long-term incentives to Directors.

Equity based remuneration following the end of the reporting period and up to the date of this report

There is no proposal to issue shares to Directors as part of their remuneration.

End of Audited Remuneration Report (Audited)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out after the Directors' Report, and forms part of this report.

Audit Services

During the year, audit and review fees payable to Grant Thornton Audit Pty Ltd amounted to \$105,184.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. During the current financial year, the auditor, Grant Thornton Audit Pty Ltd, did not provide any non-audit services to the Company.

All non-audit services would be reviewed by the Audit and Risk Management Committee to ensure that they do not impact the impartiality and objectivity of the auditor and that none of the services would undermine the general principles relating to auditor independence as set out in Accounting Professional and Ethical Standards (APES) 110 Code of Ethics for Professional Accountants.

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, the Company and its subsidiaries have adopted the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Company's Corporate Governance Statement was approved by the Board on 29 September 2023. The Corporate Governance Statement is available on Metgasco's website at:

<http://www.metgasco.com.au/information/corporate-governance-statement>.

Significant Events after End of Reporting Period

Other than the matters noted below, no other matters or circumstances have arisen since the end of the financial year 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 financial years other than:

Odin First Gas Production

On Thursday 14 September 2023 the Odin Field achieved first gas production from the Odin-1 well. The Vali 1 well is currently producing from the Patchawarra Formation, although the well has been completed as a dual producer with capacity to produce from the Toolachee Formation.

Odin-1 has produced consistently and strongly since coming online, ramping up until the morning of 15 September 2023 from when it has averaged production of 6.0 million standard cubic feet per day ("MMscfd") at an average flowing wellhead pressure ("FWHP") of 1649 psig¹ in the 4-day period to 19 September 2023. Gas produced by the field is being supplied to Pelican Point Power Limited, a joint venture between ENGIE Australia and New Zealand (72%) and Mitsui & Co Ltd (28%) until 31 December 2024.

Vali-2/Vali-3

A Memory Production Log Tool ("MPLT") was successfully run in Vali-2 Q3 CY23 to enable identification of zonal gas and water contribution in the Patchawarra reservoir. The MPLT has been interpreted and the results currently being considered by the ATP2021 JV.

At Vali-3, production from the well could not be re-started and the MPLT logging proposed for Vali-3 could not be performed. Vali-3 will remain shut-in as the joint venture assesses the performance and potential remediation options to improve performance of the Toolachee producing zone in this well. Future options for the well include production from other gas bearing zones such as the Patchawarra formation.

DIRECTORS' REPORT

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the Corporations Act 2001.

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

Philip Amery
Chairman
29 September 2023

Grant Thornton Audit Pty Ltd
Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000
PO Box 7757
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Perth WA 6850
T +61 8 9480 2000

Auditor's Independence Declaration

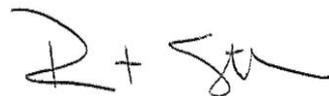
To the Directors of Metgasco Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Metgasco Ltd for the year ended 30 June 2023, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B P Steedman
Partner – Audit & Assurance

Perth, 29 September 2023

www.grantthornton.com.au
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023	2022
		\$	\$
Revenue	5	475,836	-
Production Cost		(761,665)	-
		(285,829)	-
Finance income	6(a)	260	112
Other Income	6(b)	475,937	-
		476,197	112
Expenses			
Finance costs	7(c)	(191,144)	(7,419)
Accounting, compliance, legal & professional costs		(163,080)	(113,697)
Investor relations		(96,621)	(203,551)
Consulting fees		(234,703)	(24,667)
Depreciation	7 (a)	(1,264)	(861)
Exploration costs expensed		(68,479)	(158,187)
Impairment of exploration expenditure	12	-	(4,221,232)
Directors fees		(253,688)	(221,833)
Employee costs	7 (d)	(492,746)	(1,004,659)
Occupancy	7 (b)	(37,883)	(40,521)
Other administrative		(179,931)	(120,061)
Realised gain / (loss) on sale of investments in listed securities	10	-	3,246
		(1,719,539)	(6,113,442)
(Loss) for the year		(1,529,171)	(6,113,330)
Income tax expense	8	-	-
Net (Loss) for the year		(1,529,171)	(6,113,330)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
		-	-
Total comprehensive (Loss) for the year		(1,529,171)	(6,113,330)
Earnings per share from continuing operations			
Basic (loss) per share (cents)	29	(0.16)	(0.80)
Diluted (loss) per share (cents)	29	(0.16)	(0.80)

This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023	2022
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	9	642,161	3,635,270
Investment in listed securities	10	-	-
Trade and other receivables	11	269,309	491,011
Current assets		911,470	4,126,281
Non-current			
Exploration and evaluation expenditure	12	2,626,750	2,030,734
Oil and gas properties in development and production	13	14,497,929	11,099,790
Plant and equipment	14	1,507	1,418
Other receivables	15	12,316	24,000
Non-current assets		17,138,502	13,155,942
TOTAL ASSETS		18,049,972	17,282,223
LIABILITIES			
Current			
Trade and other payables	19	578,527	2,126,820
Contract Liabilities	20	833,333	833,333
Provisions	21	112,781	112,781
Current liabilities		1,524,641	3,072,934
Non-current			
Trade and other payables	19	-	301,940
Derivative financial instrument	18	973,455	-
Contract Liabilities	20	2,817,837	2,916,667
Borrowings	17	771,411	-
Provisions	21	691,401	691,401
Total non-current liabilities		5,254,104	3,910,008
TOTAL LIABILITIES		6,778,745	6,982,942
NET ASSETS		11,271,227	10,299,281
EQUITY			
Share capital	22	123,171,123	120,675,302
Share option reserve	23	529,676	524,380
Accumulated losses		(112,429,572)	(110,900,401)
TOTAL EQUITY		11,271,227	10,299,281

This statement should be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	<i>Share capital</i>	<i>Share Option Reserve</i>	<i>Accumulated losses</i>	<i>Total equity</i>
	\$	\$	\$	\$
At 30 June 2021	111,697,074	17,189	(104,822,756)	6,891,507
Loss for the year	-	-	(6,113,330)	(6,113,330)
Other comprehensive income	-	-	-	-
Total comprehensive profit for the year	-	-	(6,113,330)	(6,113,330)
Transactions with owners in their capacity as owners				
Issue of new share capital net of issue costs	8,943,448	-	-	8,943,448
Shares issued as a result of the exercise of options	34,780	(34,780)	-	-
Issue of broker options	-	67,391	-	67,391
Issue of directors and employee options	-	491,769	-	491,769
Return of capital – in specie distribution (Note 20)	-	-	-	-
Issue of employee performance rights	-	18,496	-	18,496
Cancellation of employee performance rights	-	(35,685)	35,685	-
At 30 June 2022	120,675,302	524,380	(110,900,401)	10,299,281
Loss for the year	-	-	(1,529,171)	(1,529,171)
Other comprehensive income	-	-	-	-
Total comprehensive profit for the year	-	-	(1,529,171)	(1,529,171)
Transactions with owners in their capacity as owners				
Issue of new share capital net of issue costs	2,495,821	-	-	2,495,821
Shares issued as a result of the exercise of options	-	-	-	-
Issue of broker options	-	16,889	-	16,889
Expired broker options	-	(11,593)	-	(11,593)
Issue of directors and employee options	-	-	-	-
Issue of employee performance rights	-	-	-	-
Cancellation of employee performance rights	-	-	-	-
At 30 June 2023	123,171,123	529,676	(112,429,572)	11,271,227

This statement should be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023	2022
		\$	\$
Operating activities			
Receipts from customers		329,203	4,125,000
Payments to suppliers and employees (inclusive of goods and service taxes)		(1,690,306)	(1,263,806)
Government Grants – cash flow boost		-	-
Interest received		260	-
Interest paid		(8,977)	(6,419)
Net cash flow provided by / (used in) operating activities		(1,369,820)	2,854,775
Investing activities			
Expenditure on exploration, evaluation		(407,317)	(5,780,361)
Expenditure on oil and gas development assets		(5,778,176)	(3,207,297)
Proceeds from sale of short/long term investments		-	181,129
Purchase of property, plant and equipment		(1,488)	-
Net cash flow used in investing activities		(6,186,981)	(8,806,529)
Financing activities			
Proceeds from the issuance of share capital		2,495,821	9,137,091
Transaction costs from the issuance of share capital		(19,549)	(103,827)
Proceeds from borrowings		2,100,020	-
Transaction cost of borrowings		(12,600)	-
Net cash flow provided by financing activities		4,563,692	9,033,264
Net change in cash and cash equivalents held		(2,993,109)	3,081,510
Cash and cash equivalents at the beginning of year		3,635,270	553,760
Cash and cash equivalents, end of year	9	642,161	3,635,270

This statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Corporate Information

a) Nature of operations

The principal activities of Metgasco Ltd ("Metgasco") and its controlled entity (the "Company") were oil and gas exploration, appraisal, development, and investment in and development of associated energy infrastructure.

b) General information and statement of compliance

The consolidated general purpose financial statements of the Company have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Metgasco is a for-profit entity for the purpose of preparing the financial statements.

Metgasco is the Company's ultimate parent company. Metgasco is a public company incorporated and domiciled in Australia. The address of its registered office and principal place of business is Level 2, 30 Richardson Street, West Perth WA 6005.

The consolidated financial statements for the year ended 30 June 2023 were approved and authorised for issue by the board of directors on 29 September 2023.

2. Summary of Significant Accounting Policies

a) Critical accounting estimates and judgments

The preparation of a financial report requires the Company to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. Judgments made by the Company in the application of accounting standards that have a significant impact on the Financial Statements and estimates with a significant risk of material adjustment in the next year are highlighted in the accounting policies detailed below.

Exploration assets

The Company has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development or alternatively sale of the areas of interest. If, ultimately, the areas of interest are abandoned or are not successfully commercialised, the carrying value of the capitalised exploration and evaluation expenditure would need to be written down to its recoverable amount.

Development assets

The Company has determined that certain tenements have entered the commercial development phase and has started to incur expenditure on planning and design, construction and installation of infrastructure necessary to bring the oil or gas field into production. When a decision is made to develop an oil or gas field, all prior cost associated with exploration and evaluation of related tenements are transferred and reclassified as development assets.

Impairment of Oil and gas properties

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows. For oil and gas properties, expected future cash flow estimation is based on reserves, future production profiles, commodity prices and costs. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of the oil & gas properties.

Share based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of ordinary shares is determined with reference to the Company's share price on the ASX. The Group measures the fair value of options at the grant date using a Black-Scholes option or Monte Carlo pricing model taking into account the terms and conditions upon which the instruments were granted.

2. Summary of Significant Accounting Policies (continued)

Contingent Consideration

The Company assesses the fair value of any contingent consideration on the basis of probability that the specific criteria detailed in the acquisition agreement will be achieved. A corresponding liability is recognised to which a fair value measurement is applied.

Deferred tax assets

The application of accounting judgments is manifested in the Company's approach to the recognition of deferred tax assets arising from operating losses. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Provision for site restoration

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and that the obligation can be measured reliably.

The Company estimates the future restoration costs of wells and associated infrastructure at the time of a development installation. In most instances removal of these assets occurs many years into the future once the asset has ceased providing economic benefits to the Company. The calculation of this provision requires management to make assumptions regarding removal date, application of environmental legislation, the extent of restoration activities required and available technologies.

b) Principles of consolidation

The consolidated financial statements comprise the financial statements of Metgasco and its controlled entity, as at and for the year ended 30 June 2023.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the Company is exposed to, or as rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. The financial statements of subsidiary companies are prepared for the same reporting period as the parent company, using consistent accounting policies.

c) Going Concern

The Directors note that as at 30 June 2023, the Company has a cash position of \$642,161 and incurred net cash outflows from operating and investing activities of \$7,556,801 for the year ended 30 June 2023. Moreover, the Group incurred a net loss of \$1,529,171 during the year ended 30 June 2023, and as of that date, had net current liabilities of \$311,231 whereas financial commitments towards its exploration tenements and agreements due within one year amounted \$1,433,915.

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, including the transition of ATP2021 (Vali) to a gas producing asset, 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) Use of the \$5m debt facility of which \$2.1m had been drawn down as at 30 June 2023;
- (ii) generating a cash inflow through the sale of gas; or
- (iii) raising capital.

In the event the Group is unable to achieve some of the matters above, this would create a material uncertainty that may cast doubt 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 Financial Statements have been approved and authorised by the Board of Directors on 29 September 2023.

d) Income tax

Income tax expense is based on the result for the year adjusted for any non-assessable or disallowed items based on the notional income tax rates for each jurisdiction. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred tax is calculated at the tax rate that is expected to apply to the period when the asset is realised or liability is settled. Deferred tax is debited or credited

2. Summary of Significant Accounting Policies (continued)

to profit or loss except where it relates to items that are debited or credited directly to equity or other comprehensive income, in which case the deferred tax is adjusted directly against equity or items of other comprehensive income. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The amount of benefits brought to account, or which may be realised in the future is based on the assumption that no adverse changes will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law. The Company has not formed a tax consolidated group.

e) Leases

When a contract is entered into, the Group assesses whether the contract contains a lease. A lease arises when the Group has the right to direct the use of an identified asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use.

Lease assets and lease liabilities are recognised at the lease commencement date, which is when the assets are available for use. The assets are initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus and make-good obligations and initial direct costs incurred.

Lease assets are depreciated using the straight-line method over the shorter of their useful life and the lease term. Periodic adjustments are made for remeasurement of the lease asset and for impairment losses, assessed in accordance with the Group impairment policies.

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Group incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments are fixed payments or indexed variable payments incorporating the Group expectations of extension options and do not include non-lease components of a contract.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets, with any excess recognised in the consolidated income statement.

Short-term leases (lease term of 12 months or less) and leases of low value assets are recognised as incurred as an expense in the consolidated income statement. Low value assets comprise plant and equipment.

f) Revenue

Revenue from contracts with customers is recognised based on volumes sold under contracts with customers, at the point in time where performance obligations are considered met. Generally, regarding the sale of hydrocarbon products, the performance obligation will be met when the product is delivered to the specified measurement point (gas) or point of loading/unloading (liquids).

The Group identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price; allocates the transaction price to the performance obligations in the contract and recognises revenue when each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

A contract liability for deferred revenue is recorded for obligations under sales contracts to deliver natural gas in future periods for which payment has already been received.

g) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

h) Foreign currency translation

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of transaction. At the end of the reporting period, amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date, with the resulting foreign exchange gains or losses being recognised in the profit of loss.

i) Earnings per share

- (i) Basic earnings (loss) per share is determined by dividing the operating profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the financial year.
- (ii) Diluted earnings (loss) per share adjusts the basic earnings used in determining earnings per share by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares noted is adjusted by the weighted average number of shares assumed to have been issued for no consideration. At the end of the reporting period, options over unissued shares are not considered to be dilutive and have not been used to calculate diluted loss per share.

2. Summary of Significant Accounting Policies (continued)

j) Exploration expenditure and petroleum tenement leases

In accordance with AASB 6, exploration expenditure is carried forward as an asset provided that the rights to the area of interest are current and such expenditure was expected to be recouped by:

- Successful development of the area of interest; or
- By sale of the area of interest.

Exploration and evaluation activities had not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the interests are continuing.

Exploration expenditure which fails to meet at least one of the conditions outlined above is written off. When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated expenditure applicable to such area of interest is written off to the profit or loss account in the year in which such decision is made. Qualifying Research and Development tax offsets received from the Australian Taxation Office are offset against the deferred exploration expenditure. Other Government grants which may be received from time to time are also offset against deferred exploration expenditure.

Amortisation is not charged on costs carried forward in respect of areas of interest on the basis that the Company is not able to assess with certainty the chances of the recoupment of expenditure through successful development or the rate at which the yet to be determined resources would be depleted.

A regular review is undertaken of each area of interest to determine the appropriateness of carrying forward costs in relation to the area of interest. Charges for depreciation of equipment used in exploration and evaluation activities are included as indirect costs of exploration and evaluation.

k) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVPL)
- debt instruments at fair value through other comprehensive income (FVOCI)
- equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

2. Summary of Significant Accounting Policies (continued)

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at FVOCI. Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

Impairment of financial assets

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

All financial assets, except for those at fair value through profit or loss (FVPL) and equity investments at fair value through other comprehensive income (equity FVOCI), are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets at fair value through other comprehensive income

The Group recognises 12 months expected credit losses for financial assets at FVOCI. As most of these instruments have a high credit rating, the likelihood of default is deemed small. However, at each reporting date the Group assesses whether there has been a significant increase in the credit risk of the instrument.

In assessing these risks, the Group relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Group only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Group would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk.

In addition, the Group considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrowers operating results.

Should any of these indicators imply a significant increase in the instrument's credit risk, the Group recognises for this instrument or class of instruments the lifetime expected credit losses.

2. Summary of Significant Accounting Policies (continued)

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

l) Oil and gas properties

Assets in development

When the technical and commercial feasibility of an undeveloped oil or gas field has been demonstrated and approval of commercial development occurs, the field enters its development phase from the exploration and evaluation phase. Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines, and the drilling of development wells, as well as exploration and evaluation costs, are capitalised as tangible assets within oil and gas assets.

When commercial operation commences, the accumulated costs are transferred to oil and gas producing assets

Assets in production

Expenditure carried within each field is amortised from the commencement of production on a unit of production basis, over the estimated useful life of the field determined by reference to probable reserves, on a field by field basis. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively. Amortisation is charged to profit or loss.

m) Property, plant and equipment

Each class of property, plant and equipment is carried at historic cost less accumulated depreciation and impairment losses, where applicable. Plant and equipment is measured on the historic cost basis less depreciation and impairment losses.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. The cost of assets constructed within the Company includes the cost of materials, direct labour, borrowing costs, and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the carrying value of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

The carried value of an asset is written down immediately to its recoverable amount if the asset's carried value is greater than its estimated recoverable value. Gains and losses on disposals are determined by comparing proceeds with the carried value. These gains and losses are included in the profit or loss.

n) Depreciation

All fixed assets are depreciated on a straight line basis over their useful lives to the Company. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Plant and equipment are depreciated at rates from 4% to 40%. The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at the end of the reporting period. Depreciation charged on assets which are employed exclusively in the Company's exploration activities is capitalised. This is consistent with the treatment of other exploration related expenses.

o) Impairment of assets

Assets that are not subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

p) Restoration and rehabilitation

Estimates of the cost of restoration and rehabilitation represent the anticipated cost to decommission the Company's existing wells. Site restoration costs include: the dismantling and removal of infrastructure, removal of residual materials and remediation of disturbed areas. Such costs are determined using estimates of future costs, current legal requirements and technology and updated for present value.

q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company, prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

r) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured as the amounts expected to be paid when the liability is settled, plus related on-costs and booked as an accrual. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits and booked as a provision.

2. Summary of Significant Accounting Policies (continued)

(i) Long service leave

The non-current liability for long service leave is recognised in the provision for employee benefits and estimated as future cash outflows to be made by Metgasco resulting from employees' services provided up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(ii) Share based payments

Share based compensation benefits are provided to employees via an employee and officer's equity plan.

- The fair value of options and share rights granted under an employee and officer's equity plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options and share rights.
- The fair value at grant date is determined by using a Black-Scholes option or Monte Carlo pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, the risk free rate, vesting and performance criteria, the impact of dilution and the fact that the options and share rights are not tradable.

(iii) Superannuation

The Company contributes to the personal superannuation funds of employees in accordance with the prevailing Federal legislation. Contributions of superannuation are recognised as expenses when they become payable. The cost of superannuation for employees employed exclusively in exploration and evaluation activities are carried forward in the statement of financial position.

s) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that such an outflow can be reliably measured.

t) Cash and cash equivalents

Cash and cash equivalents include: cash on hand and short, fixed term deposits with banks. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is disclosed as operating cash flows.

v) Government grants

Grants from Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with conditions attaching to those grants. Government grants shall be recognised as a credit to carry forward exploration costs whilst the treatment of exploration costs continues to comply with AASB 6. Grants will be recognised only to the extent of the expenditure so far incurred for which the grants are intended to cover. Government grants not related to exploration expenditure are recognised in other income.

w) Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the Financial Assets at FVOCI reserve, which comprises gains and losses from the revaluation of exchange traded bonds.

Retained earnings include all current and prior period retained profits.

All transactions with owners of the parent are recorded separately within equity.

x) Comparative Financial Information

Comparative financial information is reclassified where applicable to aid comparability with the current year, and more appropriately reflect the nature of the items concerned. None of the adjustments affect the loss before or after tax or net assets.

2. Summary of Significant Accounting Policies (continued)

y) New and revised Accounting Standards issued

In the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

z) Adoption of Australian Accounting Standards and Australian Accounting Standards Board (AASB) interpretations not yet adopted by the Group are not expected to have a material impact to the Group.

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 30 June 2023. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

3. Financial Risk Management

Activities undertaken by Metgasco, and its subsidiary may expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The Group's risk management policies and objectives are designed to recognise and minimise the potential impacts of these risks, where such impacts may be material. At the present stage, the Group has exposure to market, credit risk and liquidity risk.

The carrying amount of financial instruments by categories is as follows:

	Note	Consolidated	
		2023	2022
		\$	\$
Cash and cash equivalents	9	642,161	3,635,270
Receivables	11	269,309	491,011
Other receivables	15	12,316	24,000
Borrowings	17	(771,411)	-
Derivative financial liability	18	(973,455)	-
Trade and other payables	19	(578,527)	(2,428,762)

a) Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

i) Foreign exchange risk

In prior years, small components of the Group's purchases of well materials were denominated in US dollars ("USD"). At the end of the reporting period however, the amount of trade payables denominated in USD was nil. Subsequent variations in the USD/AUD exchange rate therefore would have no impact on the future results of the Company. From time to time throughout previous reporting periods, the Company made purchases of well casing and other items that were denominated in US dollars. Due to the infrequency of such purchases, no foreign currency hedging was undertaken, however any material changes to the value of our commitments to be settled in foreign currency are communicated to senior management and budgeted for.

ii) Interest rate risk and equity securities or other financial securities price risk.

The Group has no exposure to interest rate risk other than reductions/increases in interest earned should the rates decrease/increase respectively. As an indication of possible sensitivity to changes in interest rates a 1% movement in interest rates, assuming a mean cash balance of \$642,161 would increase/decrease the annual amount of interest received by \$6,422. The nature of the loan facility is that it is a fixed interest and not subject interest rate risk.

Directors consider that there is no significant credit risk in respect of cash balances as those balances are all held with major Australian banks.

b) Credit risk

Credit risk is the risk that the other party to a contract or financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to contracts fail to settle their obligations owing to the Company. The Group was in the exploration and appraisal stage of development and had not entered into any sales contracts and is therefore not exposed to counterparty credit risk.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's ability to raise equity funding in the market is paramount in this regard.

Typically, the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities of the Group include trade and other payables as disclosed in the statement of financial position.

- Contractual Maturities

The following are the contractual maturities of financial liabilities of the Group:

	Within 1 year		Greater Than 1 Year		Total	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
<i>Financial liabilities due for payment</i>						
Trade and other payables	578,527	2,126,820	-	301,940	578,527	2,428,760
Borrowings	-	-	2,121,100	-	2,121,100	-
Financial Liabilities	-	-	-	-	-	-
Total contractual outflows	578,527	2,126,820	2,121,100	301,940	2,699,627	2,428,760
<i>Financial assets</i>						
Cash and cash equivalents	642,161	3,635,270	-	-	642,161	3,635,270
Trade and other receivables	269,308	491,011	12,317	24,000	281,625	515,011
Total anticipated inflows	911,469	4,126,281	12,317	24,000	923,786	4,150,281

4. Segment Information

Management determined that the Group has one operating segment being related to the activities in oil and gas exploration operations.

5. Revenue

Point in time	Consolidated	
	2023 \$	2022 \$
Oil and gas sales	475,836	-

During the year, the Group has gas sales to AGL Whole Gas Limited (refer to note 20).

6. Finance Income and Other Income

(a) Finance income	Note	Consolidated	
		2023 \$	2022 \$

Interest generated on cash at bank	260	112
Total finance income	<u>260</u>	<u>112</u>
(b) Other income		
Fair value adjustments – Derivative financial liability	475,937	-
Total other income	<u>475,937</u>	<u>-</u>

7. Expenses

Profit/(Loss) before income tax includes the following specific expenses:

		Consolidated	
	Note	2023	2022
		\$	\$
(a) Depreciation			
Plant and equipment		1,264	861
Total depreciation		<u>1,264</u>	<u>861</u>
(b) Occupancy			
Occupancy expenses		37,883	40,521
Total Occupancy		<u>37,883</u>	<u>40,521</u>
(c) Finance cost - external			
Bank charges		411	670
Debt Establishment fees		21,000	-
Interest paid		48,950	6,749
Unwinding transaction cost		120,783	-
Total Finance Cost		<u>191,144</u>	<u>7,419</u>
(d) Employee costs			
Superannuation		45,707	48,777
Wages and salaries		440,457	441,781
Insurance		5,209	3,836
Share based payments	21	-	491,769
Issue of Performance Rights		-	18,496
Fringe Benefits Tax		1,373	-
Total employee costs		<u>492,746</u>	<u>1,004,659</u>

8. Income Tax

Major components of income tax expense for the Years ended 30 June 2023 and 30 June 2022 are:	Consolidated	
	2023	2022
	\$	\$
Accounting profit (loss) before tax from continuing operations	(1,529,171)	(6,113,330)
Accounting profit (loss) before income tax	(1,529,171)	(6,113,330)
At the statutory income tax rate of 25% (2022: 25%)	(382,293)	(1,528,333)
Add:		
Non-deductible expenses	131,243	127,566
Temporary differences now brought to account	(85,346)	(1,412,391)
Tax loss not brought to account as a deferred tax asset	382,966	2,829,279
Tax amortisation of capital raising costs	(46,570)	(16,121)
At effective income tax rate of 0% (2022: 0%)	-	-
Income tax expense reported in income statement	-	-

Unrecognised deferred tax assets/(liabilities)

	Consolidated	
	2023	2022
	\$	\$
Deferred tax assets/(liabilities) have not been recognised in respect of the following items		
<i>Liabilities</i>		
Prepayments	(19,781)	(21,503)
Property, plant & equipment	(377)	(354)
Capitalised exploration expenditure	(656,688)	(507,683)
Oil & Gas Properties in Development	(1,584,829)	(2,774,948)
	(2,261,675)	(3,304,488)
<i>Assets:</i>		
Trade and other payables	-	9,125
Employee benefit	10,386	15,558
Investment in listed securities	30,196	-
Rehabilitation Provision	201,046	201,046
Borrowing Costs	46,060	-
Business related costs	130,686	55,458
Capital Losses	168,931	168,931
Tax Losses	26,131,651	26,908,353
	26,718,956	27,358,471
	24,457,281	24,053,983

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

9. Cash and Cash Equivalents

	Consolidated	
	2023	2022
	\$	\$
Cash at bank and on hand	642,161	3,635,270
Total	<u>642,161</u>	<u>3,635,270</u>

a) Cash at bank and on hand

Amounts held in the Company's cheque account attract variable interest rates commensurate with a business cheque account.

10. Investments

	Consolidated	
	2023	2022
	\$	\$
Investment in listed securities*		
Opening balance	-	177,883
Acquired during the period	-	-
Disposed during the period via sale	-	(181,129)
Disposed during the period via distribution to shareholders	-	-
Realised gain/ (loss) on sale	-	3,246
Realised gain on distribution to shareholders	-	-
Movement in fair value	-	-
	<u>-</u>	<u>-</u>
Investment in listed securities		
Current	-	-
Non-current	-	-
	<u>-</u>	<u>-</u>

As at 30 June 2023, the Company owned zero shares in Byron Energy Ltd. During the year ended 30 June 2022, it sold 1,778,832 shares realising a gain of \$3,246.

* Listed securities are recorded at fair value at each reporting date. The opening and the closing balances therefore represent the number of shares held multiplied by the share price on that specific day. As a result, the realised gains and losses recorded within a financial year do not represent the cumulative gains or losses realised on the investment since the acquisition date. They represent the movement in value within the financial year based on the share price difference at the beginning of the year and the day the listed securities are sold or distributed.

11. Trade and Other Receivables (Current)

	Consolidated	
	2023	2022
	\$	\$
Trade receivables	1,601	-
Accrued Income	83,584	-
Prepayments	79,124	86,011
Security Bonds	105,000	105,000
Cash call refund for Cervantes project*	-	300,000
Total	<u>269,309</u>	<u>491,011</u>

No receivables are past due or impaired.

*Advanced payments were made during the drilling of the Cervantes-1 well in March / April 2022, given the eventual costs of the well were significantly under budget a refund of the surplus advanced payment is owing from the Operator.

12. Exploration and Evaluation Expenditure

	Consolidated	
	2023	2022
	\$	\$
Expenditure for the entity's operations		
Movement during the financial period (at cost):		
Opening balance		
<i>PRL 237</i>	11,228	10,924
<i>ATP 2020</i>	-	545,723
<i>ATP 2021</i>	-	4,401,064
<i>Cervantes</i>	-	657,534
<i>PRL 211</i>	2,019,506	1,136,060
Total	<u>2,030,734</u>	<u>6,751,305</u>
Additions		
<i>PRL 237</i>	-	304
<i>ATP 2020</i>	-	4,249
<i>ATP 2021</i>	-	1,453,758
<i>Cervantes</i>	-	3,013,726
<i>PRL 211</i>	596,016	329,969
Total	<u>596,016</u>	<u>4,802,006</u>
Acquisitions		
<i>PRL 211</i>	-	553,476
Total	<u>-</u>	<u>553,476</u>
Impairment losses		
<i>ATP 2020</i>	-	(549,972)
<i>Cervantes</i>	-	(3,671,260)
Total	<u>-</u>	<u>(4,221,232)</u>
Transfers to oil and gas properties in development		
<i>ATP 2021</i>	-	(5,854,821)
Total	<u>-</u>	<u>(5,854,821)</u>
Carrying amount at end of year		
<i>PRL 237</i>	11,228	11,228
<i>ATP 2020</i>	-	-
<i>ATP 2021</i>	-	-
<i>Cervantes</i>	-	-
<i>PRL 211</i>	2,615,522	2,019,506
Total	<u>2,626,750</u>	<u>2,030,734</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

In accordance with the Company's accounting policy for and Evaluation of Mineral Resources, the carrying amounts of exploration and evaluation assets were reviewed as at 30 June 2023 to assess if any indicators of impairment as described in AASB6 had been triggered. The review did not identify any triggers for impairment.

This stands in contrast to the financial year 2022, during which an impairment expense was recognized. Specifically, an expense of \$3,671,260 was recognised against the Cervantes assets based on drilling and exploration results. These costs include the amount needed to plug and abandon the well. Furthermore, an additional impairment of \$549,972 was recognised against the ATP2020 assets following management's decision to discontinue its exploration activities for this area of interest. These impairments were recognized in accordance with AASB36 Impairment of Assets

Transfers to oil and gas properties in development

During the financial year 2023, no assets were reclassified from exploration and evaluation assets to development assets. This stands in contrast to the previous financial year 2022, during which works commenced on the ordering of long lead items and other planning activities to bring the Vali field into production later in 2022. As a result, the Vali assets were reclassified from an exploration and evaluation asset to a development asset.

13. Oil and Gas Properties in Development and Production

	Consolidated	
	2023	2022
	\$	\$
Expenditure for the entity's operations		
Movement during the financial period (at cost):		
Opening balance	11,099,790	-
Additions	3,398,139	5,244,969
Transfers from exploration and evaluation expenditure	-	5,854,821
Carrying amount at end of year	<u>14,497,929</u>	<u>11,099,790</u>

All development assets held as at 30 June 2023 are contained within the Vali field which is held in the ATP2021 permit area.

14. Plant and Equipment

	Consolidated	
	2023	2022
	\$	\$
<i>Computer equipment</i>		
At cost	10,627	9,274
Accumulated depreciation and impairment	(9,120)	(7,856)
Net carrying amount	<u>1,507</u>	<u>1,418</u>

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current and previous financial year are set out below:

<i>Computer equipment</i>		
Carrying amount at beginning of financial year	1,418	2,279
Additions	1,353	-
Disposals	-	-
Depreciation	(1,264)	(861)
Carrying amount at end of financial year	<u>1,507</u>	<u>1,418</u>
<i>Total plant and equipment</i>		
Carrying amount at beginning of financial year	1,418	2,279
Additions	1,353	-
Disposals	-	-
Depreciation	(1,264)	(861)
Carrying amount at end of financial year	<u>1,507</u>	<u>1,418</u>

15. Other Receivables (Non-current)

	Consolidated	
	2023	2022
	\$	\$
Security bonds non-current	12,316	24,000

Total	12,316	24,000
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Security bonds are held in favour of the Queensland Department of Natural Resources and Mines.

16. Interest in Subsidiary

The consolidated financial statements include the financial statements of Metgasco Ltd and the subsidiary listed in the following table.

Name of entity	Country of incorporation	Class of Shares	Equity holding			
			2023	2022	2023	2022
			%	%	\$	\$
Richmond Valley Power Pty Ltd	Australia	Ordinary	100	100	100	100

17. Borrowings

	Consolidated	
	2023	2022
	\$	\$
Opening balance	-	-
Drawdown	2,100,020	-
Less: Transaction cost	(1,449,392)	-
	650,628	-
Add: Unwinding of transaction cost	120,783	-
Closing balance	771,411	-

On 13th March 2023, Metgasco Ltd has secured a debt facility amounting to \$5 million with substantial long-term shareholders, Glennon Small Companies Limited ('Glennon') and Keybridge Capital Limited ('Keybridge'). Glennon and Keybridge have subscribed a \$2 million and \$3 million financing facility respectively. This facility will support and fund the Vali and Odin Gas field projects.

The debt has been secured to finance the remaining capital requirements for the Vali field and the delivery of the Odin Gas Field project. The terms of the debt facility are as below:

Term	Description
Amount	\$5 million
Availability Period	13 th March 2023 – 13 th March 2024 (12 months)
Term Duration	13 th March 2023 – 13 th March 2026 (3 years)
Use of Proceeds	Vali and Odin Gas Field projects, working capital, and general corporate purposes
Interest Rate	10% p.a. (payable quarterly in arrears)
Establishment Fee	1% (on drawn funds only)
Security	General security deed (GSD) over all present property of the Company
Options Issued	160 million options (Keybridge: 96 million, Glennon: 64 million)
Option Exercise Price	2.5c per share
Option Tenor	Same as the debt facility term
Early Repayment Fee	5% of the face value of the notes (if redeemed early)

The transaction costs were incurred in relation to the raising of funds under the Secured Loan Deed. These costs are required to be offsets against the convertible note liability and amortised over the term of the convertible note and are treated as finance costs in profit or loss.

18. Financial Liability

On 13th March 2023, the Company has entered into a Secured Loan Deed (Note 17). On application of AASB 9 Financial Instruments the Group accounts for convertible security financing on a fair value basis. The conversion feature represents the Company's obligation to issue Company shares at a fixed price should noteholders exercise their conversion option. The conversion feature was deemed to be an embedded derivative liability. On initial recognition the fair value of the conversion rights granted was included in the transaction costs as detailed in note 17. The conversion rights will be recognised as equity on extinguishment of the convertible note for shares if exercised, otherwise they will be recouped in profit or loss if not converted.

The derivative liability is recorded at fair value with changes in fair value recognised in interest income (expense). At 30 June 2023, interest income of \$ 475,397 was recorded.

	Consolidated	
	2023	2022
	\$	\$
Opening balance	-	-
Transaction cost	1,449,392	-
Fair value adjustment	(475,397)	-
Closing balance	973,455	-

19. Trade and Other payables

	Consolidated	
	2023	2022
	\$	\$
Current		
Trade payables	157,897	2,011,568
Accrued charges and expenses	62,498	36,500
Employee benefits (a)	56,192	78,752
Contingent consideration (b)	301,940	-
	578,527	2,126,820
Non-current		
Contingent consideration (b)	-	301,940
	-	301,940
Total	578,527	2,428,760

- (a) Amounts classified above as employee benefits are all expected to be settled within 12 months of the end of the reporting period.
- (b) During the previous report period, an additional stake in PRL211 asset was acquired. The consideration terms for this acquisition included a contingent consideration based on the achievement of the following milestones :
- Payment of \$187,500 upon 15 Business Days following First Production from the Odin Field.
 - Payment of \$125,000 upon 15 Business Days following production of 1.06 Petajoules of sales gas or equivalent from the Odin Field.

Management have fair valued the contingent consideration on the basis of probability of meeting these milestones.

During the current reporting period, the contingent consideration was reclassified and disclosed under current trade and other payables. This reclassification reflects changes in the expected timing or realization of these payments.

20. Contract Liabilities

	Consolidated	
	2023	2022
	\$	\$
Current		
Deferred revenue	833,333	833,333
	<u>833,333</u>	<u>833,333</u>
Non-current		
Deferred revenue	2,817,837	2,916,667
	<u>2,817,837</u>	<u>2,916,667</u>
Total	<u>3,651,170</u>	<u>3,750,000</u>

During the prior reporting period the Company executed a Gas Supply Agreement (GSA) for its interest in the Vali Gas Field with AGL Whole Gas Limited. The GSA provided that an amount of \$15M (\$3.75M - Metgasco share) would be advanced to Metgasco and its partners prior of first gas productions to assist with the costs to bring the Vali Gas Field into Production.

The GSA allows for the delivery of 9PJ of gas up to 31 December 2026 with the delivery scheduled for 1PJ in 2022 and 2PJ per year from 2023-2026. Any amounts not delivered within the production year are rolled forward into the next calendar year.

The Company has recognised a contract liability for the deferred revenue (in accordance with accounting policy as stated on note 2(f)) under the GSA to deliver natural gas in future periods for which payment has already been received. Deferred revenue liabilities unwind as revenue from contracts, upon satisfaction of the performance obligation.

21. Provisions

	Consolidated	
	2023	2022
	\$	\$
Current		
Restoration obligations	112,781	112,781
	<u>112,781</u>	<u>112,781</u>
Non-current		
Restoration obligations	691,401	691,401
	<u>691,401</u>	<u>691,401</u>
Total	<u>804,182</u>	<u>804,182</u>
<i>Restoration Obligations</i>		
Carrying amount at beginning of financial year	804,182	-
Increases	-	804,182
Decreases	-	-
Carrying amount at end of financial year	<u>804,182</u>	<u>804,182</u>

As disclosed under notes 2(a)&2(p), the Company is obliged to complete restoration activities where site areas have been disturbed. Estimates have been calculated and provisions made for the activities on the Vali, Odin, and Cervantes projects.

22. Contributed Equity

Ordinary Shares	No of Shares		Value (\$)	
	2023	2022	2023	2022
Opening balance	930,002,677	549,649,424	120,675,302	111,697,074
Issue of new share capital net of issue costs	133,875,402	375,523,551	2,483,959	8,828,219
Shares issued as a result of exercise of options	8,666	4,829,702	11,862	150,009
Closing balance	1,063,886,745	930,002,677	123,171,123	120,675,302

Options (quoted on ASX)	No of Options	No of Options
	2023	2022
Opening balance	124,498,055	-
Options issued	-	307,253,147
Options exercised	(8,666)	(310,190)
Options lapsed	(58,388,646)	(182,444,902)
Closing balance	66,102,543	124,498,055

Options (not quoted on ASX)	No of Options	No of Options
	2023	2022
Opening balance	35,375,000	182,476,936
Options issued	161,582,712	39,875,000
Options exercised	-	(4,519,512)
Options lapsed	(1,500,000)	(182,457,424)
Closing balance	195,457,712	35,375,000

23. Contributed Equity (continued)

Performance Rights	No of Performance Rights	No of Performance Rights
	2023	2022
Opening balance	-	10,418,411
Rights issued	-	-
Rights lapsed	-	(5,209,205)
Rights cancelled	-	(5,209,206)
Closing balance	-	-

Ordinary shares have the right to participate in dividends, include a voting entitlement, and include a right to proceeds on the winding up of the Company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The Company issued shares during the year as follows:

- 19 October 2022, 110,125,402 shares as part of an entitlement offer at 2 cents per share.
- 21 October 2022, 20,000,000 shares as part of an entitlement offer at 2 cents per share.
- 13 December 2022 issued 3,750,000 shares as part of an entitlement at 2 cents per share.
- 20 December 2022 issued 6,666 shares as part of options conversions at 3.1 cents per share.
- 6 January 2023 issued 2,000 shares as part of options conversions at 3.1 cents per share.
- 22 March 2023 issued 159,582,712 shares as part of an entitlement offer at 2.5 cents per share.

Capital risk management

The Company considers its capital to comprise its ordinary shares. In managing its capital, the Company's primary objective is to effectively utilise its capital resources to deliver on its operational objectives and deliver returns to shareholders. The issue of new shares is one of the Company's means of achieving its long term operational and strategic objectives. As the Company is involved in exploration and has no debt, the use of various gearing ratios is not employed.

The Company has the following options on issue:

- a) 33,875,000 issued on 10 December 2021
 - a. One option may be exercised and converted into one fully paid ordinary share in the Company;
 - b. An exercise price to of \$0.045 per option;
 - c. Expiry date of 10 December 2024.
- b) 64,102,543 issued on 5 May 2022
 - a. One option may be exercised and converted into one fully paid ordinary share in the Company;
 - b. An exercise price to of \$0.045 per option;
 - c. Expiry date of 10 December 2024.
- c) 2,000,000 issued on 6 May 2022
 - a. One option may be exercised and converted into one fully paid ordinary share in the Company;
 - b. An exercise price to of \$0.045 per option;
 - c. Expiry date of 10 December 2024.
- d) 2,000,000 issued 8 December 2022
 - a. One option may be exercised and converted into one fully paid ordinary share in the Company;
 - b. An exercise price to of \$0.036 per option
 - c. Expiry date of 07 December 2025.
- e) 159,582,712 issued on 22 March 2023
 - a. One option may be exercised and converted into one fully paid ordinary share in the Company;
 - b. An exercise price to of \$0.025 per option
 - c. Expiry date of 22 March 2026.

23. Share Based Payments

During the reporting period 2,000,000 Broker Options were issued by the Company in relation to the Placement Offer announced in October 2022. The option entitles the holder to exchange for ordinary shares in the Company on a 1 for 1.

On 13th March 2023, Metgasco Ltd has secured a debt facility amounting to \$5 million with substantial long-term shareholders, Gelnon Small Companies and Keybridge Capital. Options are being issued as part of the consideration for the debt facility entered into by the Company and ongoing availability of drawdown funds during the availability period with no line fee.

The options have been valued using the Binomial method and the following inputs:

	Broker Options	Shareholder Options
Share price on issue	\$0.020	\$0.019
Issue date	8 December 2022	22 March 2023
Exercise price	\$0.036	\$0.025
Life (years)	3	3
Volatility	88%	82%
Risk free rate	3.07%	2.94%
Valuation per option	\$0.0084447	\$0.0091
Total options issued	2,000,000	159,852,712
Total Value	\$16,889	\$1,449,392

Volatility was assessed by reference to historic movement in share price based on the life term of options.

As at 30 June 2023, the share option reserve amounts to \$529,676 (2022: \$524,380)

24. Key Management Personnel

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits	482,579	475,530
Post-employment employee benefits	41,883	41,954
Share based payments	-	355,671
Total compensation	524,462	873,155

25. Auditor's Remuneration

Total amounts provided for remuneration for assurance services provided to the Company by the auditor are:

	Consolidated	
	2023	2022
	\$	\$
During the year, fees paid/payable to the Company's auditors were:		
For audit and review – Grant Thornton Audit Pty Ltd	105,184	95,924

26. Related Party Disclosures

Directors and Directors' related entities share and option holdings at the end of the reporting period are disclosed in the remuneration report. As such, apart from remuneration with key management personnel (refer to note 24 above), there are no further related party transactions to disclose.

27. Contingent Liabilities and Assets

	Consolidated	
	2023	2022
	\$	\$
Security Bonds to State governments	117,000	129,000

Should the Company fail to satisfactorily rehabilitate well sites after their abandonment, amounts secured by securities lodged with the Queensland Department of Natural Resources and Mines, and Western Australia Environmental Protection Authority.

No other contingent liabilities as at 30 June 2023 and 30 June 2022.

28. Commitments

The current estimated expenditure for approved commitments and minimum work program commitments on ATP2021, PRL211 and PRL237 are as follows.

	Consolidated	
	2023	2022
	\$	\$
Minimum expenditure for exploration & evaluation, and development assets		
Within one year	1,200,000	2,787,153
Year 2 to Year 4	-	11,004
Over 5 years	-	-
Total	1,200,000	2,798,157
Office Rent		
Within one year	12,919	24,855
Later than one year but not later than five years	-	-
Total	12,919	24,855

Metgasco's strategy in meeting the above Exploration & Evaluation, and Development expenditures involves:

- I. Use of the \$5m debt facility of which \$2.1m had been drawn down as at 30 June 2023;
- II. generating a cash inflow through the sale of gas; or
- III. raising capital.

The Company may also consider farming out, divestment or relinquishment of certain assets if appropriate and acceptable to stakeholders.

29. Earnings Per Share

	Consolidated	
	2023	2022
	\$	\$
Reconciliation of earnings used in calculating earnings per share		
Basic earnings per share		
Loss attributable to owners of Metgasco Ltd used to calculate basic earnings per share	(1,529,171)	(6,113,330)
Diluted earnings per share		
Loss attributable to owners of Metgasco Ltd used to calculate diluted earnings per share	(1,529,171)	(6,113,330)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	952,776,516	767,565,500
Loss per share (cents)	(0.16)	(0.80)

The Company's potential ordinary shares, being 101,977,543 options granted, are not considered dilutive as the options strike price was significantly above the closing share price of the Company at 30 June 2023 and the Company is also in a loss position as at 30 June 2023.

30. 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 30 June 2023 and 30 June 2022:

30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Listed securities	-	-	-	-
Total assets	-	-	-	-
Financial liabilities				
Derivative financial liability	973,455	-	-	973,455
Borrowings	-	771,411	-	771,411
Contingent consideration	-	1,106,122	-	1,106,122
Total liabilities	973,455	1,877,533	-	2,850,988
Net fair value	973,455	1,877,533	-	2,850,988
30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Listed securities	-	-	-	-
Total assets	-	-	-	-

Financial liabilities

Contingent consideration

- 301,940 - 301,940

Total liabilities

- 301,940 - 301,940

Net fair value

- 301,940 - 301,940

31. Parent Entity Disclosures

	2023	2022
	\$	\$
Current assets	911,470	4,126,281
Non-current assets	17,138,502	13,156,042
Total assets	18,049,972	17,282,323
Current liabilities	1,222,701	3,072,934
Non-current liabilities	5,556,044	3,910,008
Total liabilities	6,778,745	6,982,942
Contributed equity	123,171,123	120,675,302
Share options reserve	529,676	524,380
Accumulated losses	(112,429,572)	(110,900,401)
Total equity	11,271,227	10,299,281
Loss for the year	(1,529,171)	(6,113,330)
Other comprehensive income for the year	-	-
Total comprehensive (loss)/profit for the year	(1,529,171)	(6,113,330)

Commitments

	2023	2022
	\$	\$
Minimum expenditure for exploration & evaluation, and development assets		
Within one year	1,200,000	2,787,153
Year 2 to Year 4	-	11,004
Over 5 years	-	-
Total	1,200,000	2,798,157
Office Rent		
Within one year	12,919	24,855
Later than one year but not later than five years	-	-
Total	12,919	24,855

Contingent Liabilities

	2023	2022
	\$	\$
Security deposits to state governments	117,000	129,000

Should the parent entity fail to satisfactorily rehabilitate well sites after their abandonment, amounts lodged with the Queensland Department of Natural Resources and Mines, and Western Australia Environmental Protection Authority could be forfeited.

Metgasco's strategy in meeting the above Exploration and Evaluation expenditures involves:

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

The Company may also consider relinquishment of certain assets if appropriate and acceptable to stakeholders.

32. Statement of Cash Flows Reconciliation

	Consolidated	
	2023	2022
	\$	\$
(a) Reconciliation of net loss after tax to net cash flows from operations		
Net loss for the year	(1,529,171)	(6,113,330)
Adjustments for:		
Depreciation	1,264	861
Impairment of exploration expenditure	-	4,221,232
Non-cash employee benefits expense – share-based payments	-	491,769
Unwinding of transaction costs	120,783	-
Fair value adjustments – Options	(475,937)	-
Realised (gain) / loss on sale of investments in listed securities	-	(3,246)
(Increase) / Decrease in trade and other receivables	221,702	(424,844)
(Decrease) / Increase in trade and other payables	390,369	128,151
(Decrease) / Increase in contract liabilities	(98,830)	3,750,000
Increase in provisions	-	804,182
Net cash flows provided by / (used in) operating activities	<u>(1,369,820)</u>	<u>2,854,775</u>

33. Events After the Reporting Period

Other than the matters noted below, no other matters or circumstances have arisen since the end of the financial year 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 financial years other than:

Odin First Gas Production

On Thursday 14 September 2023 the Odin Field achieved first gas production from the Odin-1 well. The Vali 1 well is currently producing from the Patchawarra Formation, although the well has been completed as a dual producer with capacity to produce from the Toolachee Formation.

Odin-1 has produced consistently and strongly since coming online, ramping up until the morning of 15 September 2023 from when it has averaged production of 6.0 million standard cubic feet per day (“MMscfd”) at an average flowing wellhead pressure (“FWHP”) of 1649 psig¹ in the 4-day period to 19 September 2023. Gas produced by the field is being supplied to Pelican Point Power Limited, a joint venture between ENGIE Australia and New Zealand (72%) and Mitsui & Co Ltd (28%) until 31 December 2024.

Vali-2/Vali-3

A Memory Production Log Tool (“MPLT”) was successfully run in Vali-2 Q3 CY23 to enable identification of zonal gas and water contribution in the Patchawarra reservoir. The MPLT has been interpreted and the results currently being considered by the ATP2021 JV.

At Vali-3, production from the well could not be re-started and the MPLT logging proposed for Vali-3 could not be performed. Vali-3 will remain shut-in as the joint venture assesses the performance and potential remediation options to improve performance of the Toolachee producing zone in this well. Future options for the well include production from other gas bearing zones such as the Patchawarra formation.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Metgasco Ltd:

- (a) the consolidated financial statements and notes of Metgasco Ltd are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of its financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting interpretations) and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that Metgasco Ltd will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.

3. The Company has included in the notes to the financial statements, an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Philip Amery
Chairman
29 September 2023

Independent Auditor's Report

To the Members of Metgasco Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Metgasco Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(c) in the financial statements, which indicates that the Group incurred a net loss of \$1,529,171 and net cash outflows from operating and investing activities of \$7,556,801 during the year ended 30 June 2023, and as of that date, the Group's current liabilities exceeded its current assets by \$311,231. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), 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.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Oil and Gas Properties in Development- Note 13	
<p>At 30 June 2023, the carrying value of oil and gas properties in development and production was \$14,497,929.</p> <p>The Group recognises capitalised oil and gas properties in development and production in accordance with AASB 116 <i>Property plant and Equipment</i>.</p> <p>During the year, the Group capitalised \$3,398,139 of costs to oil & gas properties in development and production. This is also the first year that a new gas well was commissioned, and production on commenced from the Vali gas field.</p> <p>This is considered a key audit matter because it involves subjective judgments and assumptions when evaluating impairment indicators that could affect the recoverability of capitalised costs, as per AASB 136 <i>Impairment of Assets</i>.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Obtaining from management a reconciliation (with movement schedule) of capitalised exploration and evaluation expenditure and oil & gas properties in development and agreeing to the general ledger;• Assessing the accounting policies with respect to oil & gas properties in development and production are appropriate;• Reviewing whether management's indicators of impairment assessment are in accordance with AASB 136;• Completing an assessment of indicators of impairment in accordance with AASB 136; and• Assessing the appropriateness of the related disclosures within the financial statements.
Borrowings and Derivative Financial Liability – Note 17 and Note 18	
<p>At 30 June 2023, the Group had net borrowings of \$771,411 and a financial liability of \$973,455.</p> <p>Metgasco executed a \$5 million Loan note Deed ('facility') in the March 2023 with Keybridge Capital Limited and Glennon Small Companies Limited. The facility is being used to meet the capital requirements of the Vali and Odin gas fields project.</p> <p>At balance date, \$2,100,020 had been drawn down on the debt facility.</p> <p>The facility includes 160 million options at an exercise price of \$0.025 per option, which were valued at \$1,449,392 on issue in March 2023 and revalued at \$973,455 at 30 June 2023. This resulted in finance and other income of \$476,197 for the period to 30 June 2023.</p> <p>The fair value of the option facility was determined to be a debt financing transaction costs and will be charged as finance costs on a systematic basis over the life of the facility.</p> <p>This is a key audit matter due to the significant value of the transactions and estimates and judgements involved.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Obtaining the facility and assessing the key terms and conditions;• Verifying receipt of drawdowns made against the facility up to 30 June 2023;• Recalculating the interest accrual;• Evaluating the accounting treatment in relation to the options issued;• Verifying the recognition and measurement of the borrowings and financial liability at initial recognition date and subsequent measurement at balance date; and;• Assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 14 to 19 of the Directors' report for the year ended 30 June 2023.

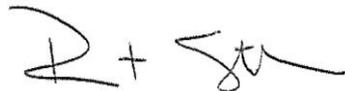
In our opinion, the Remuneration Report of Metgasco Ltd, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B P Steedman
Partner – Audit & Assurance

Perth, 29 September 2023

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as of 25 September 2023

Distribution of Ordinary Shares:

Analysis of ordinary shareholders by size of shareholding:

Number of Shares	Ordinary Shares Held	No. of Shareholders	% of Issued Shares
100,001 and Over	1,010,631,193	781	31.93
10,001 to 100,000	51,128,915	1,235	50.49
5,001 to 10,000	1,868,134	206	8.42
1,001 to 5,000	241,720	88	3.60
1 to 1,000 ¹	16,783	136	5.56
Total	1,063,886,745	2,446	100.00

¹ 1,183 shareholders held less than a marketable parcel of Metgasco shares as of 25 September 2023.

Twenty Largest Shareholders

The names of the twenty largest holders of quoted equity securities are listed below:

	Shareholders	Ordinary Shares Held	% of Issued Shares
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	116,541,308	10.95
2	BNP PARIBAS NOMS PTY LTD	57,799,438	5.43
3	BNP PARIBAS NOMINEES PTY LTD	35,497,175	3.34
4	J & A VAUGHAN SUPER PTY LTD	23,114,993	2.17
5	MR GABOR MATORICZ	20,000,000	1.88
6	CITICORP NOMINEES PTY LIMITED	19,711,047	1.85
7	MR BART RENSEN & MRS SUZANNE RENSEN	16,016,133	1.51
8	MR JOHN PHILIP DANIELS	15,455,433	1.45
9	ANDREW DUNCAN MURDOCH	15,002,451	1.41
10	MR KENNETH JOSEPH HALL	14,000,000	1.32
11	MR GREGORY NORMAN PETERS	13,000,000	1.22
12	MRS CATHERINE ANNE MARSON & MR JOSEPH MARSON	12,174,712	1.14
13	PW AND VJ COOPER PTY LIMITED	12,105,906	1.14
14	MAEANDER HOLDINGS PTY LTD	12,058,668	1.13
14	MR DAVEN KURL	11,786,559	1.11
15	MR ROGER MAXWELL BARTLETT	11,000,000	1.03
16	MR PAUL AINSWORTH	10,468,374	0.98
17	INVIA CUSTODIAN PTY LIMITED	10,000,000	0.94
18	MR DAVID MAHER	9,114,204	0.86
19	BEARAY PTY LIMITED	9,033,333	0.85
20	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	116,541,308	10.95
	Totals	460,391,861	43.43

Substantial Holders

The following shareholders have notified that they are substantial shareholders of Metgasco:

Shareholders	Ordinary Shares Held ¹	% of Issued Shares
Glennon Capital Pty Ltd	76,836,676	7.25
Doug King	57,799,438	5.43

¹ Issued equity held as disclosed in the substantial holding notices provided to the Company

On Market Buy-Back

There is no current on-market buy back.

Unquoted Securities

ASX Code	Security Description	Number
MELAG	Option expiring 10-Dec-2024 ex \$0.045	33,875,000
MELAH	Option expiring 7-Dec-2024 ex \$0.036	2,000,000
MELAI	Option expiring 22-Mar-2026 ex \$0.025	159,582,712

Voting Rights

On a show of hands, at a General Meeting of the Group, every member present in person or by proxy shall have one vote and upon a poll each person present in person or by proxy shall have one vote for each ordinary share held. Option holders have no voting rights.

CORPORATE DIRECTORY

Directors	Philip Amery (Chairman) Ken Aitken (Managing Director) John Patton Rob Willink Peter Lansom
Company Secretary	Victoria McLellan
Registered Office and Principal Place of Business	Metgasco Ltd ABN 24 088 196 383 Level 2, 30 Richardson Street West Perth WA 6005 Telephone: +61 8 6245 0060 Email: info@metgasco.com.au www.metgasco.com.au
Stock Exchange	Australian Securities Exchange (ASX) 4 Bridge Street Sydney, NSW 2000
ASX Symbol	MEL
Share Registry	Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138
Auditor	Grant Thornton Audit Pty Ltd Level 17, 383 Kent Street Sydney, NSW 2000
Solicitors	MARQUE Lawyers Pty Ltd Level 4, 343 George Street Sydney, NSW 2000

An electronic copy of this Annual Report is available at <http://www.metgasco.com.au/annual-reports>