

QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 31 December 2023

Odin-1 production delivers significant increase in quarterly revenue

Odin (PRL211):

- Odin-1 gas production has performed strongly averaging gross raw gas production of 4.7 MMscfd during the quarter.
- Planning work continued during the quarter for drilling up-to two wells on the Odin gas field.
- On 5th October a second gas contract was signed with Pelican Point Power (Engie/Mitsui JV) for supply of gas from January 1 2025 to December 31 2026.

Vali (ATP2021):

- The Vali field (predominately from Vali-1) gross raw gas production was 2.15 MMscfd during the quarter.
- A remedial water shut-off operation on Vali-2 was completed in December resulting in a 50% reduction in water production and a gas production rate of 0.2MMscfd.

Corporate:

- The Company remains funded for near term activities due to being in receipt of regular production revenues from Vali and Odin operations and is in advanced discussions to secure alternative funding arrangements.

Revenue and Sales:

- Sales revenue of circa \$902k up 96%.
- Production of 0.08 PJe equivalent up 60%.

Metgasco MD Ken Aitken commented:

“Odin-1 delivered strong gas production rates throughout the December quarter delivering an increase in production of 60% and a 96% increase in business revenue, notwithstanding being offline for a significant part of the quarter for scheduled maintenance .During the quarter the PRL211 JV signed a 2nd sales agreement ,at market competitive rates with Engie to supply Odin gas to Pelican Point Power to the end of CY26.Well planning and regulatory approval was initiated to drill up-to two Odin field appraisal wells in the future to grow production and revenue. A remedial water shut-off operation was completed on Vali-2 providing a sustained raw gas rate of 0.2 MMscfd. The company is advanced in alternative funding arrangements and remains funded in the near term via Odin and Vali revenues”

Key figures (Net MEL)	Dec Q2 FY24	Sept Q1 FY24	FY2024 YTD
Sales revenue \$'000	901.9	460.6	1.36
Sales gas & ethane PJ	0.08	0.05	0.13
Production PJe ¹	0.08	0.05	0.13

¹ Petajoule equivalent: comprises sales gas and gas liquids.

The Quarter's activities and subsequent events are detailed below

Sales

	3 months to 31 Dec 23	Prior Qtr Sept '23	Qtr on qtr change %	FY24 First half	FY23 First half	First half % change
Sales revenue \$'000	901.9	460.6	96%	1,362.5	-	100%
Sales volume						
Sales gas & ethane PJ	0.08	0.05	60%	0.13	-	100%
LPG tonne	5.1	1.95	162%	7.05	-	100%
Condensate bbls	64	81	-21%	145	-	100%

Sales revenue of circa \$901.9k was recorded for the quarter, 96% higher than the revenue of circa \$460.6k in the prior quarter.

The increase in revenue is principally attributable to higher gas production from Odin-1 during the period. Discussion of factors contributing to the quarter's production is provided in the following section.

As previously advised, sales revenue reported in respect of supply from the Vali gas field comprises sales attracting cash payment and sales for which cash payment has been prepaid. From 1 July 2023, production and sales figures include gas produced under contractual agreement towards consideration for processing and transportation. The financial value of this gas is accounted as non-cash generating sales revenue.

Production

Production data	3 months to 31 Dec	Prior Qtr Sept '23	Qtr on qtr change %	FY24 First half	FY23 First half	First half % change
Total production PJe	0.08	0.05	60%	0.13	-	100%
Sales gas & ethane TJ	77.9	50.35	55%	259.0	-	100%
LPG tonne	10.0	3.5	186%	13.5	-	100%
Condensate bbls	181.75	133.05	37%	314.8	-	100%

Metgasco share of production for the December quarter was 0.08 PJe, 60% higher than the 0.05 PJe produced in the September quarter. The increase in quarterly production is due to the contribution from the Odin gas field, which came online 14 September CY23.

Further discussion of the performance of the Vali and Odin gas fields is provided under the heading 'Activity' following.

Production in the March quarter is expected to be offline for approximately 30 days due to maintenance and outages (compares to 26 days offline for Odin and 21 days offline for Vali in the December quarter).

Cooper/Eromanga Basin Exploration Licence - PRL211:

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

Asset Overview

PRL 211 lies in the South Australian Cooper Basin, with the licence’s eastern boundary near to the ATP 2021 western boundary. (see Figure 1) The licence is in close proximity to the South Australian Cooper Basin’s Joint Venture’s gas production infrastructure at Beckler, Bow and Dullingari.

The licence holds the western portion of the Odin gas field, discovered by the PRL 211 joint venture in 2021. The eastern portion of the field is mapped to extend into ATP 2021, which has identical joint venture composition to PRL 211. The field has one connected well, Odin-1, which has been completed to produce from the Epsilon and Toolachee formations. Odin is currently subject to a long-term production appraisal program with gas produced from the field being supplied to Pelican Point Power (a joint venture of ENGIE and Mitsui Australia) under a contract extending to December 2026.

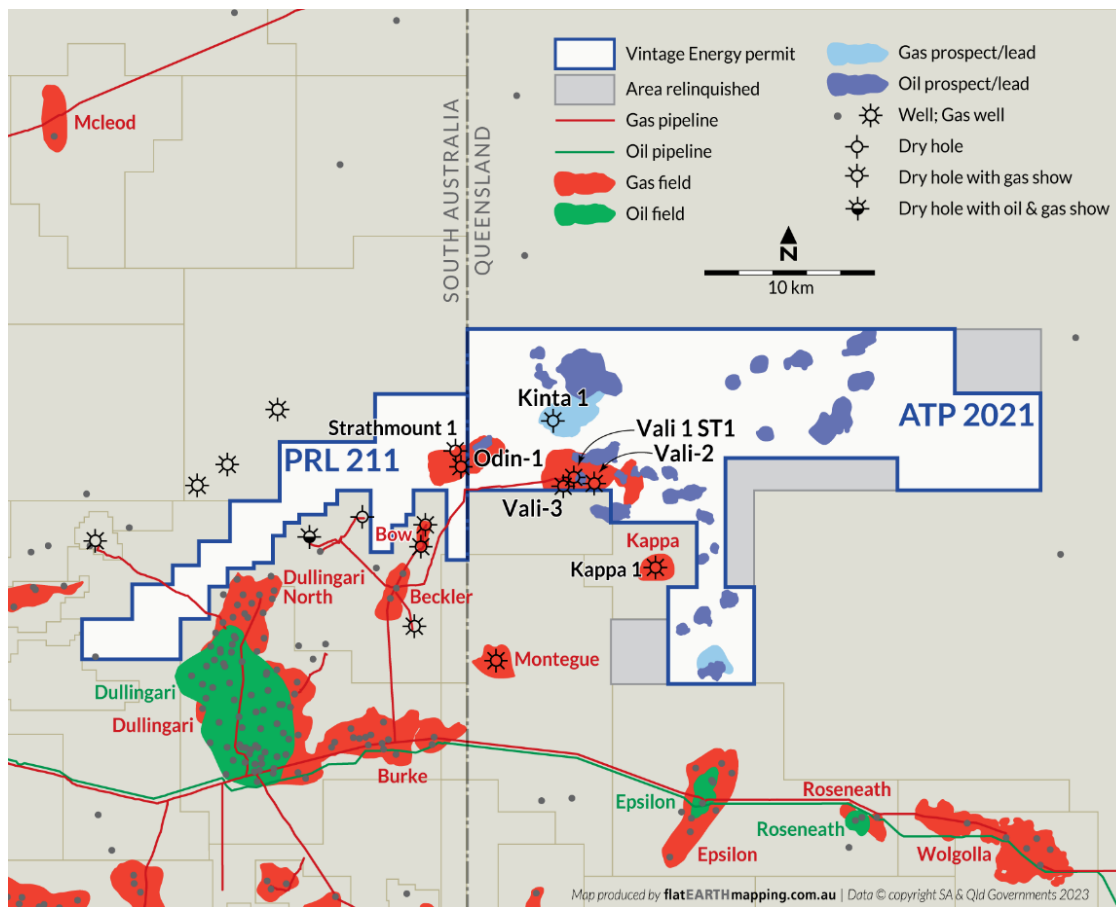


Figure 1: Cooper Basin permits PRL 211 and ATP 2021 including well locations Odin-1, Vali-1 ST1, Vali-2 and Vali-3. Source: Vintage

Gas resources at Odin have been independently certified and were most recently reported in the company’s 2023 Annual Report as comprising 39.7 PJ of gross 2C Contingent Resources (Metgasco share 9.55 PJ) in the Toolachee, Epsilon, Patchawarra and Tirrawarra formations of the field.

Activity

The Odin gas field contributed production for 65.8 days during the quarter, averaging raw gas production of 4.70 MMscfd. All but 1.4 days of the 26.2 days offline were related to third party downstream outages.

Planning continued for the drilling of two appraisal wells on the Odin gas field, one on the eastern flank of

the field in Queensland and the other on the western side, in South Australia. Well locations have been selected and work area clearances have been scheduled to verify suitability.

Work continued with independent reserve auditor to enable the completion of a study re the assessment regarding the conversion of Odin resources to reserves.

Cooper/Eromanga Basin Exploration Licence - ATP2021:

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

Asset Overview

ATP2021 is located in Queensland, adjacent to the Queensland-South Australian border. (See Figure 1)

ATP 2021 contains the Vali gas field, discovered by Vali-1 ST1 in January 2020 and successfully appraised by Vali-2 and Vali-3. Reserves at Vali have been independently certified and most recently reported in the 2023 Annual Report as comprising gross Proved and Probable reserves equivalent to 101 PJe (Metgasco share 25.2 PJe)² of gas and gas liquids. Sales gas and ethane account for 97 PJ (Metgasco share: 24.25 PJ) of the 2P reserves.

The field has three cased wells, which have been completed and connected to the Moomba gas gathering network for supply to the eastern Australia domestic energy market. Vali is currently subject to a long-term production appraisal program. Gas produced from the field is supplied to AGL Energy under a supply agreement extending to December 2026.

Activity

The Vali gas field was online for 70.2 days during the quarter, averaging raw gas production of 2.15 MMscfd. Vali was offline for 20.8 days during the quarter; of which all but 1.7 days are related to third party downstream outages.

Activity during the December quarter was focussed on the Vali-2 well which had been shut-in due to fluid in the well bore. Logging indicated sands within the lower Patchawarra Formation were the major contributor to excess fluid production. A wireline conveyed plug was run to isolate the lower Patchawarra Formation and the well brought online Friday, 8 December.

Fluid production was reduced by more than 50% to an average of 62 bbls/day. Gas flow averaged 0.2 MMscfd whilst online during the quarter. The operational plan is to continue to flow Vali-2 with the objective of dewatering so gas flow can improve. At this stage, there is insufficient information to project a likely timeline for this process.

Vali-3 remains shut-in as the joint venture assesses the performance and potential remediation options to improve performance of the producing zone in the Toolachee Formation. Future options for the well include production from other gas bearing zones such as the Patchawarra Formation.

² As reported in the Metgasco 2023 Annual Report. Metgasco confirms it is not aware of any new information or data that materially affects the information included in the announcement and that all the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply.

Corporate Activities

Business Development Opportunities:

During the quarter Metgasco continued to review a number of new business development opportunities, as well as potential new areas of business consistent with the Company's strategic objectives and the evolving energy sector backdrop.

Finance Facility:

Metgasco executed a \$5 million debt facility (Loan Note Deed) in the CY2023 March quarter with long term shareholders Keybridge Capital (Keybridge) and Glennon Small Companies (Glennon). Keybridge committed to providing a maximum \$3m of the \$5m debt facility and Glennon the remaining \$2m. The key terms of the 36-month facility were detailed in an announcement to the ASX on 13 March 2023. The facility formed part of the funding of the remaining capital requirements of the Vali field and deliver the Odin gas field project. Metgasco's ASX announcements on 23/24 November provided an update relating to Keybridge's non-fulfilment of \$1.56M under the loan note agreement.

The Company remains funded for near term activities due to being in receipt of regular production revenues from Vali and Odin operations. Metgasco is in advanced discussions to secure alternative funding arrangements.

Metgasco AGM:

On 28th November 2023 the Metgasco annual general meeting was held in Perth. Resolutions 1,3,4,5,6,7 proposed in the notice of meeting were approved and due to the resignation of Mr Patton prior to the AGM Mr. Lansom's election pursuant to s.250R(1)(b) of the Corporations Act was also approved.

Non- Executive Director Resignation:

On 23rd November Non-Executive Director John Patton tendered his resignation. Metgasco acknowledges John's service as a board member over seven years.

Cash position:

The Company ended the Quarter with a cash balance of A\$839,000 and is advanced on options to fund future Odin appraisal drilling as discussed in the finance facility section above.

The following is a reconciliation of the Company's cash position from 1 September 2023 to 31 December 2023:

	\$A'000
Cash at 1 September 2023	534
Overhead and administrative	(307)
Production (net) *	464
Development assets expenditure	-
Exploration and evaluation expenditure	(524)
Net proceeds debt facility	672
Cash at 31 December 2023	<u>839</u>

* Gas sales receipts are received the month after production.

Notes Pertaining to Quarterly Cashflow Report (Appendix 5B):

Item 6.1: The aggregate amount of payments to related parties and their associates of \$115,479 relates to remuneration payments made to Directors and Officers.

Shareholder base:

At 31 December 2023, Metgasco had 1,063,886,745 shares on issue and 2518 shareholders. Its top 20 holders held 444,570,043, or 41.78% of the Company's issued capital.

Certified Resources and Reserves:

On 1 November 2021, the ATP2021 JV announced the reserves upgrade following the drilling of Vali-2&3. Contingent gas resources related to PRL211 were announced on 16 September 2021 and updated on 29th March 2022.

Glossary:

- MMscfd = Million standard cubic feet per day.
- FWHP = Flowing wellhead pressure.
- Bcf= Billion Standard Cubic feet.
- PJ= Petajoule.
- PJe=Petajoule equivalent comprises sales gas and gas liquids.

For further information contact:

Philip Amery
 Chair
 + 61 402 091 180
philip.amery@metgasco.com.au

Metgasco Ltd ACN 088 196 383
 Level 2, 30 Richardson Street, West Perth, WA 6005
 Tel:+61 8 6245 0060
info@metgasco.com.au
www.metgasco.com.au

Ken Aitken
 Managing Director
 +61 8 6245 0062
ken.aitken@metgasco.com.au

Tenement Listing				
Tenement Reference	Location	Nature of Interest	Interest at 30 September 2023	Interest at 31 December 2023
Cooper/Eromanga				
ATP2021	QLD	25% working interest in Licence	25%	25%
PRL211	SA/QLD	25% working interest in Licence	25%	25%
PRL237	SA	20% Working Interest in Licence	20%	20%

Forward Looking Statements:

This document may contain forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this document includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this document require Metgasco and its management to make assumptions that may not materialise or that may not be accurate. Although Metgasco believes its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Metgasco Ltd

ABN

24 088 196 383

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	811	1,078
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	(348)	(640)
(d) staff costs	(113)	(182)
(e) administration and corporate costs	(133)	(355)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(60)	(100)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	157	(199)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(524)	(931)
(e) investments	-	-
(f) oil and gas properties	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Working capital loan to Patriot Hydrogen Limited	-	-
2.6	Net cash from / (used in) investing activities	(524)	(931)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	680	1,340
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(8)	(13)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	672	1,327

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	534	642
4.2	Net cash from / (used in) operating activities (item 1.9 above)	157	(199)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(524)	(931)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	672	1,327

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	839	839

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	839	534
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	839	534

6. Payments to related parties of the entity and their associates

6.1	Aggregate amount of payments to related parties and their associates included in item 1	115
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Amounts included in 6.1 are remuneration payments made to Directors

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	5,000	3,440
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	5,000	3,440

7.5 **Unused financing facilities available at quarter end** 1,560*

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

As announced to the market on 13 March 2023, a 5 million debt facility has been provided by Keybridge Capital and Glennon Small Company which can be drawn down within 12 months from the initial issue date. Term: 3 years from first drawdown. Interest rate: 10%. Establishment Fee: 1% fee payable on drawn funds only. Security: Secured by way of a general security deed jointly over all present property of the Company. Early repayment fee equal to 5% of the face value of the notes redeemed early. The \$59,924 in loan interest was paid during the December quarter.

*Refer to Dec Quarterly Report Finance Facility summary relating to the debt/loan facility.

In our Sept Q1 Appendix 5B report (section 2.1 (f)), Metgasco incorrectly classified \$407,000 of spend in "oil and properties" which should have been allocated to "exploration and evaluation". In this Dec Q2 report, we have corrected this classification.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	158
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(524)
Capitalised development expenditure for oil & gas properties (Item 2.1(f))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(366)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	839
8.5 Unused finance facilities available at quarter end (Item 7.5)	
8.6 Total available funding (Item 8.4 + Item 8.5)	839
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.2

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: NA

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: NA

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: NA

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **31 January 2024**

Authorised by: **The Board**

Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.