METGASCO

Annual Financial Report for the year ended 30 June 2022

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DIRECTORS' REPORT

Your Directors present their report on Metgasco Ltd ("Metgasco" or the "Company") and the entity it controlled for the year ended 30 June 2022.

Principal Activities

The principal activities of the Company during the financial year were oil and gas exploration, appraisal, development and investment in and development of associated energy infrastructure. There has been no change in the nature of these activities during the year.

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

Review of Operations

Cooper/Eromanga: ATP2021

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.

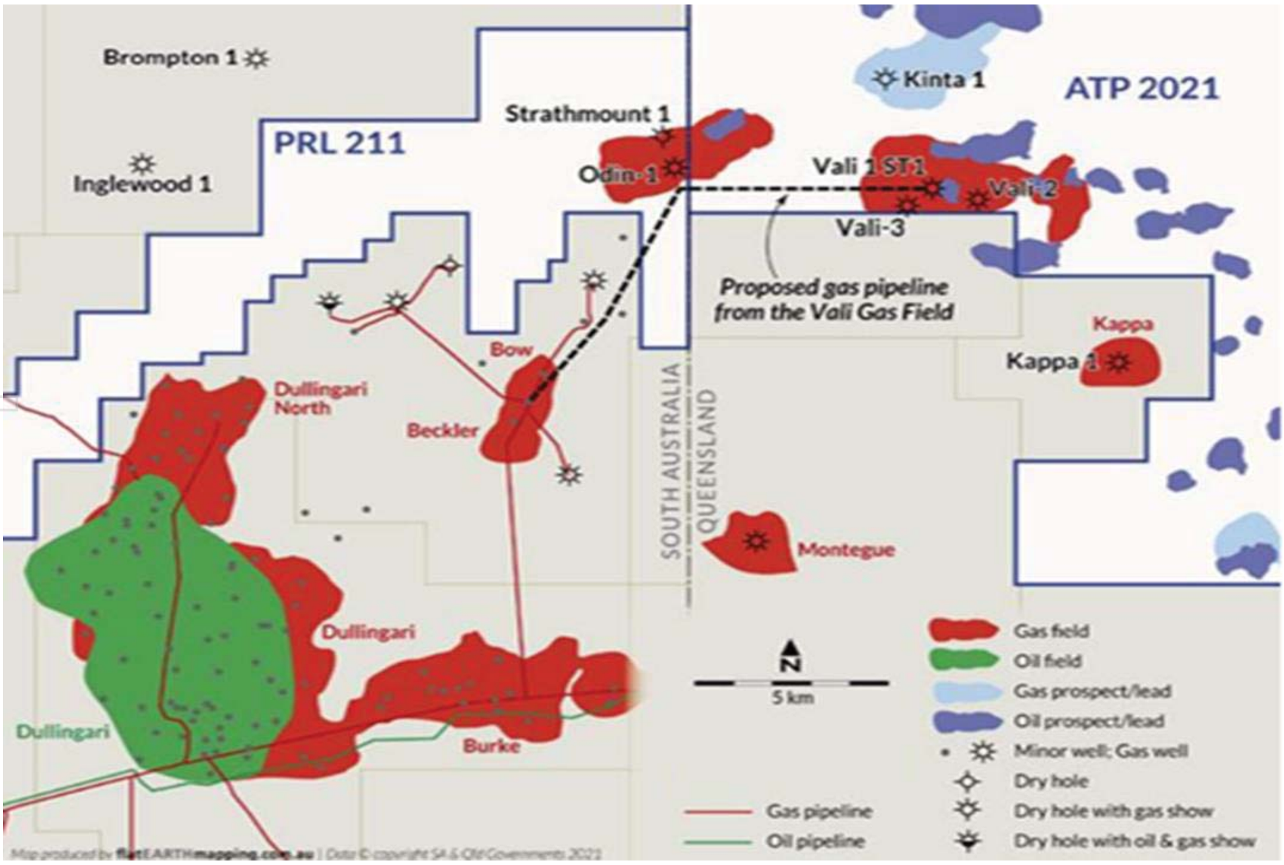

Figure 1: Cooper Basin permits PRL 211 and ATP 2021 including well locations Odin-1, Vali-1 ST1, Vali-2 and Vali-3 Source: Vintage

The joint venture reviewed the data following the drilling of the Vali-2 and Vali-3 wells and sent the data to ERC Equipoise Pte Ltd in Q3 FY2021 to complete an independent Reserve certification for the Vali Field. As a result of this evaluation, ERCE revised its 1P, 2P and 3P Reserves estimates for the Vali Field to include the Toolachee Formation, as well as revising upward the previously booked Reserves from the Patchawarra Formation. The effect of the revision has been a three-fold increase in 2P Reserve of the Vali field to 101.0 PJ (25.2PJ net to MEL) independently certified and booked (previously Gross 2P of 33.2PJ (8.3PJ net to MEL).

On 6th December 2021 Metgasco announced that the ATP2021 Joint Venture parties entered into a conditional Heads of Agreement ("HoA") with AGL Wholesale Gas Limited ("AGL") for the sale of all gas produced from the Vali Field over approximately 4.5 years from field start-up through to the end of CY2026. This is anticipated to be a minimum of 9 PJ and up to 16 PJ of gross sales gas over the contract term, to be sold on a mix of firm and variable pricing at market rates. The terms set out in the HoA provided an upfront payment of $15 million to the JV in three tranches as the project moves to first gas, subject to execution of the GSA and satisfaction of its condition's precedent. The JV funds to be used specifically for the Vali Field to fund the work program, including the completion of all three Vali wells and the tie-in of the Vali Field to the nearby Moomba pipeline network. The Gas Sales Agreement ("GSA") with AGL Wholesale Gas Limited ("AGL") was executed in March 2022 and became unconditional during the April 2022 following the execution of an upstream transportation and processing term sheet with the South Australian Cooper Basin (SACB) JV, with the full $15 million (Metgasco share $3.75M) pre-payment payable to the ATP2021 joint venture being received during the reporting period.

Activity during the April to June 2022 saw completion of the fracture stimulation campaign, and achievement of readiness for the well completion campaign, which commenced in July 2022. A Master Services Agreement was signed with a construction contractor for pipeline installation and facilities construction. Pipeline construction commenced in mid-August 2022 for a total of four to six weeks duration. Facilities construction commenced in September 2022. A phased construction schedule has been adopted to optimise for the earliest production and delivery of gas around delivery dates for equipment and materials. Initial activity will prioritise Vali-1 ST-1, the metering and tie-in facilities. Commissioning of these facilities will follow with first gas from this well, and supply to AGL, expected in October 2022. Construction at the Vali-2 and Vali-3 sites will follow as the balance of equipment is delivered. Commissioning is expected to extend till end-November as the Vali-2 and Vali-3 lease facilities are completed and handed over, commissioned, and taken to first gas. Gas produced in the commissioning phase will be used initially for commissioning of facilities and pipeline and line-pack prior to supply to AGL under the GSA.

Formal application for the issuing of pipeline licences for the Vali-Beckler pipeline was made to the state governments of Queensland and South Australia.

Cooper/Eromanga: PRL 211

During the reporting period the PRL211 JV completed the successful flow test program for Odin-1. Results from the flow tests exceeded initial expectations. All zones perforated for the testing contributed to the strong overall gas flows.

The first stage of the Odin-1 flow test delivered a stable flow rate of 6.5 million standard cubic feet per day at a flowing wellhead pressure of 1,823 psi through a 28/64" fixed choke. The well was then shut-in for 15 days, with the second stage of the flow test recommencing on 18 November 2021.

The second stage focused on the running of a multi-rate memory production log, which confirmed gas was being contributed from each of the perforated Epsilon and Toolachee formations. Gas samples were taken over the course of the second stage for detailed analysis.

In September 2021 ERC Equipoise Pte Ltd ("ERCE") independently certified 36.4 billion cubic feet ("Bcf") of gross 2C Contingent Resources in the Toolachee, Epsilon, Patchawarra and Tirrawarra formations of the Odin gas field located in both PRL 211 and ATP 2021 on the southern flank of the Nappamerri Trough in the Cooper Basin. While all these formations contributed to the certified gas volumes, the majority of the resource is based in the Toolachee and Patchawarra formations.

During the March 2022, Metgasco and the ATP2021 partners executed an agreement to acquire their respective share of Beach Energy Ltd's 15% interest in PRL 211. The acquisition resulted in common interest holders and respective interests in the PRL 211 and ATP 2021 joint ventures, an outcome which will facilitate decision-making and the optimisation of activities and investment within the two permits.

Consideration for the transaction is structured to align with the commercial success of Odin, with the initial payment of $1 million by the PRL 211 Joint Venture being supplemented by two further payments totalling $1.25 million payable on the achievement of production milestones. The effect of this transaction is to redistribute approximately gross 3.1 Bcf of the 2C Contingent Resource previously attributable to Beach Energy in PRL211 to the joint venture parties. Metgasco's net share of 2C Contingent Resource at Odin will increase by 0.77 to 8.77 Bcf as a result.

Figure 2: Well Test on Odin-1

Cooper/Eromanga: ATP2020

The ATP2020 licence is 535km2 in area and was granted 100% to Metgasco in 2018.

Metgasco's sub-surface team reviewed/interpreted the available offset well geology and geophysics (including the re-processing of 2D seismic) and identified the Loki prospect. A comprehensive farm-out process of the ATP2020 Licence over the last 2-3 years was also undertaken. Multiple farm-in discussions have been held with industry counterparties, unfortunately there was no interest to share seismic costs or drilling risk. The consistent feedback from all parties that the exploration risk of drilling the Hutton and Toolachee reservoirs in the Loki prospect was too high and the Cretaceous oil reservoir was negatively impacted by more than 50% being outside of the licence with no certainty on gaining licence tenure on the open acreage.

The board of Metgasco decided to fully relinquish the permit back to the Queensland government to allow the Company to focus, and capital to be spent on developing the Vali and Odin fields, and wider exploration prospectivity in ATP2021 and PRL211.

Perth Basin: L14

L14, comprising 39.8 km2 over the Jingemia Oil Field and surrounds, is located onshore within the Perth Basin. The permit contains the Cervantes-1 oil prospect, which is on trend with Cliff Head, Jingemia and Hovea oil fields. Metgasco was to earn a 30% stake in any discovery in the Permian reservoirs by funding 50% of the cost of Cervantes-1

Following receipt of the regulatory environmental approvals in February the Ensign 970 rig contract was executed. Access track and well pad civils construction work commenced in February and were completed in the 2nd half of March allowing the rig to be mobilised. Cervantes-1 was spudded on the 26 March and reached TD in 8.5" hole at midnight on Wednesday 6 April. In January a Heritage survey was completed on the access track and drilling location with the Southern Yamatiji people. No heritage artifacts were found, and Heritage land access approval was received in February 2021. Other land access agreements have also been finalised during the financial year.

The Cervantes drilling surface location and access track was chosen to reduce the drilling environmental footprint as well as enable the deviated wellbore to penetrate all three Permian reservoir targets. During the reporting period environmental and safety drilling approval applications were progressed with state government regulatory authorities with approvals anticipated in late Q3/early Q4 CY2021.

Long lead casing and wellhead equipment was delivered to storage in Perth in April 2021. Well service contracts have progressed in preparation for drilling.

Figure 3: Ensign 970 drilling at Cervantes-1 location

Subsequent to the quarterly reporting period on 7 April Metgasco announced that the well was to be plugged and abandoned after failing to encounter hydrocarbons. The well results confirmed the presence of a robust structure and reasonable reservoir development in the targeted sands Permian sandstone objectives however Logging While Drilling ("LWD tools") disappointingly identified that the reservoir sands were found to be water-wet.

The Cervantes -1 was drilled safely and efficiently in approximately seventeen days under the planned budget. Metgasco's farm-in agreement was specific to the Cervantes prospect and the company has no further obligations in respect of the permit following the plugging of the well and rehabilitation of the site.

Certified Reserves and Resources

ATP2021

Table 1&2 Vali Field Gross and Net Reserves:

Gross ATP 2021 Vali Gas Field Reserves			
	1P	**2P**	**3P**
Sales Gas (Bcf)	43.3	92.0	191.2
Sales Gas (PJ)	47.5	101.0	209.8

Net Entitlement ATP 2021 Vali Gas Field Reserves			
	1P	**2P**	**3P**
Sales Gas (Bcf)	10.8	23.0	47.8
Sales Gas (PJ)	11.9	25.2	52.4

1. Reserves estimates reported here are ERCE estimates, effective 31 October 2021, first announced to the ASX 1 November 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. Company Net Entitlement Reserves are based on the Metgasco working interest share of 25% of the field gross Reserves and are prior to the deduction of royalties
5. Sales Gas volumes are net of fuel and flare volumes.
6. All quantities subject to rounding to one decimal place for clarity purpose.

PRL211

Table 3&4 - Odin gross and net Contingent Resources:

Gross Odin Gas Field Contingent Resources (Bcf)			
	1C	**2C**	**3C**
Total	**18.5**	**36.4**	**71.7**

Net Odin Gas Field Contingent Resources (Bcf)			
	1C	**2C**	**3C**
PRL 211	2.20	4.35	8.55
ATP 2021	1.85	3.65	7.15
Total	**4.05**	**8.00**	**15.70**

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 21.25%, and ATP 2021, which is 25%.
3. These are unrisked Contingent Resources that have not been risked for Chance of Development and are sub-classified as Development Unclarified.
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. Resource estimates have been made and classified in accordance with the 2018 Petroleum Resources Management System ("PRMS").
7. Probabilistic methods have been used for individual sands and totals for each reservoir interval have been summed deterministically.
8. Contingent Resources certified by ERCE are as at 14 September 2021.
9. These Contingent Resources were first disclosed in a release to the ASX on September 16,2021.

Climate Change

The Company acknowledges climate-related risks and the need for these to be managed effectively particularly across the energy industry. 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:

- 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 FY23, the Company anticipates the following developments:

- Vali gas field facilities construction is expected to be completed by November 2022;
- Commissioning of the Vali-1 ST1 well is expected to be completed in October 2022 with first gas production to occur during this period. The commissioning process for Vali-2 and Vali-3 wells are expected to be completed in November 2022;
- Preparation of commercial plan for marketing of Odin-1gas to commence;
- It is anticipated following the securing of a Gas Sales Agreement, Odin field work can begin in the second half of FY23 (subject to JV and regulatory approvals) and gas sales from Odin commence in the first half of FY24.
- Complete the 100% acquisition of Patriot Hydrogen, with the installation and commissioning of its inaugural gasifier unit with Kimberly Clean Energy Pty Ltd.

Metgasco continues to pursue transformative transaction, acquisition and partnership opportunities and are pleased with the quality of projects and partners with which it is engaged. 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 Company for the year ended 30 June 2022, amounted to $6,113,330 (2021: Loss $1,180,554).

Effects on COVID-19 on the Company

The Company took early action in March 2020 in response to the considerable disruption and volatility on global equity and commodity markets due to the outbreak of a novel coronavirus (COVID-19). The impact of this health event has been minimal given remote working was already standard. The Company continues to adhere to the relevant government guidelines regarding COVID-19, and recommends staff work from home when Lockdowns have been implemented by government officials. When interstate border closures have been in place, all interstate staff travel has been cancelled.

The 2021 three well drilling program in Cooper Basin was unaffected by the COVID-19 restrictions and was executed in accordance with the relevant government guidelines regarding COVID-19.

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 2022.

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 (appointed 23 July 2021)
John Patton	Non-Executive Director
Robbert Willink	Non-Executive Director
Peter Lansom	Non-Executive Director (appointed 4 August 2021)
Paul Bird	Company Secretary

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 since that time his strategic contribution and operational leadership has been pivotal in progressing the Company's Cooper Basin portfolio and securing the Cervantes L14 drilling prospect 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 Jingemia 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

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

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 is currently 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: None

Previous directorships of listed companies during the last three years: Galilee Energy Limited

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	26	25	2
K. Aitken	22	22	2
J. Patton	26	21	2
R. Willink	26	25	2
P. Lansom	20	19	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

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

Options
The Company issued options during the year as follows:

a) 6,000,000 issued on 2 September 2021
   - One option may be exercised and converted into one fully paid ordinary share in the Company;
   - An exercise price to of $0.031 per option with expiry date of 31 December 2022.

b) 58,693,180 issued on 4 November 2021
   - One option may be exercised and converted into one fully paid ordinary share in the Company;
   - An exercise price to of $0.031 per option with expiry date of 31 December 2022.

c) 33,875,000 issued on 10 December 2021
   - One option may be exercised and converted into one fully paid ordinary share in the Company;
   - An exercise price to of $0.045 per option with expiry date of 10 December 2024.

d) 64,102,543 issued on 5 May 2022
   - One option may be exercised and converted into one fully paid ordinary share in the Company;
   - An exercise price to of $0.045 per option with expiry date of 10 December 2024.

e) 2,000,000 issued on 6 May 2022
   - One option may be exercised and converted into one fully paid ordinary share in the Company;
   - An exercise price to of $0.045 per option with expiry date of 10 December 2024.

Options Exercised or Lapsing in the Year
A total of 4,829,702 options were exercised, and 182,444,902 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 2022 were $221,834.

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 2022.

12 months ended	Jun-22	Jun-21	Jun-20	Jun-19	Jun-18
Net Profit / (Loss) After Tax ($million)	(6.11)	(1.18)	(7.46)	(14.22)	1.02
EPS (loss) (cents) Basic	(0.80)	(0.23)	(1.91)	(3.64)	0.30
EPS (loss) (cents) Diluted	(0.80)	(0.23)	(1.91)	(3.64)	0.30
Share Price ($) - start of the year	0.028	0.029	0.047	0.060	0.040
Share Price ($) - end of the year	0.024	0.028	0.029	0.047	0.060
Share on Issue (million)	930.0	549.7	390.60	390.60	392.88
Market Capitalisation ($million)	22.32	15.39	11.33	18.36	23.57

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.

REMUNERATION REPORT (CONTINUED)

Remuneration 2022

Name	Cash Salary & fees	Other benefits (Post-Employment Benefits)	Termination Payments	Superannuation	Option expense for year	Total	% of remuneration that is equity based
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)

Remuneration 2021

	Short Term Employment Benefits			Post-Employment Benefits		Share Based Payments				
Name	Cash Salary & fees	Other benefits	Performance Bonus	Termination Payments	Superannuation	Net no. of shares granted in period	Share expense for year	Option expense for year	Total	% of remuneration that is equity based
Directors	$	$	$	$	$		$	$	$	
P Amery	47,945	-	-	-	4,555	-	-	-	52,500	-
J Patton	45,833	-	-	-	-	-	-	-	45,833	-
R Willink	47,945	-	-	-	4,555	-	-	-	52,500	-
K Aitken	257,500	-	43,362*	-	22,485	-	-	9,829**	333,176	3%
Total	**399,223**	**-**	**43,362**	**-**	**31,595**	**-**	**-**	**9,829**	**484,009**	**2%**

*Performance Bonus paid in September 2021.
**Employee performance rights were issued to the K Aitken in his role as CEO for the reporting period ending 30 June 2021.

Details of performance rights granted as remuneration for the reporting period ending 30 June 2021

Executive Officers	Grant Date	Expiry Date	Issue Price	Vesting Hurdle Price	Balance at Beginning of year	Granted during year	Vested / Forfeited during year	Balance at end of year	Fair Value Expensed for year
			$	$	Number	Number	Number	Number	$
K Aitken	05/02/2021	30/09/2021	0.00	0.052	-	2,978,650	-	2,978,650	8,467
K Aitken	05/02/2021	30/09/2022	0.00	0.080	-	1,489,325	-	1,489,325	1,000
K Aitken	05/02/2021	30/09/2023	0.00	0.120	-	1,489,325	-	1,489,325	362
	Total					**5,957,300**	**-**	**5,957,300**	**9,829**

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 20 and 21 of the Financial Statements.

At 30 June 2022, the direct and indirect interests of the Key Management Personnel in the ordinary shares of Metgasco are as follows:

Shares 2022	Opening Balance	Granted as Compensation	Received on Exercise of Options	Long term incentives forfeited	Shares Acquired	Closing Balance
P Amery	7,980,424	-	-	-	5,186,545	13,166,969
J Patton	966,277	-	-	-	1,522,092	2,488,369
R Willink	4,315,255	-	-	-	2,525,374	6,840,629
K Aitken	993,222	-	-	-	983,248	1,976,470
P Lansom	-	-	-	-	961,500	961,500

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 2022, the direct and indirect interests of the Key Management Personnel in the share options and performance rights of Metgasco are as follows:

Options 2022	Opening Balance	Granted as Compensation	Exercised	Lapsed	Closing Balance
P Amery	2,106,106	4,500,000	-	2,106,106	4,500,000
J Patton	322,092	2,500,000	-	322,092	2,500,000
R Willink	1,438,418	2,500,000	-	1,438,418	2,500,000
K Aitken	331,074	12,500,000	-	331,074	12,500,000
P Lansom	-	2,500,000	-	-	2,500,000

Performance Rights	Opening Balance	Granted as Compensation	Exercised	Lapsed / Cancelled	Closing Balance
K Aitken	5,957,300	-	-	5,957,300	-

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 20 and 21 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.

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 2021 Annual General Meeting
The Remuneration Report for the financial year ended 30 June 2021 was adopted at 99.04% the Company's Annual General Meeting held on 9 December 2021.

Directors' and Officers' Interests and Benefits

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	13,166,969
J Patton	2,500,000	2,488,369
R Willink	2,500,000	6,840,629
K Aitken	12,500,000	1,976,470
P Lansom	2,500,000	961,500

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 on page 21, and forms part of this report.

Audit Services

During the year, audit and review fees payable to Grant Thornton Audit Pty Ltd amounted to $95,924.

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 19 October 2021. 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

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:

On 16 August 2022, the Company announcement it had entered into an agreement to acquire a renewable hydrogen production technology developer. The binding term sheet has been designed to allow a phased acquisition of Patriot's business subject to conditions precedents including successful delivery of project technical and commercial objectives over each project stage. Key terms are outlined below:

Stage 1 – Delivery of Equipment to Kimberly Clean Energy Pty Limited (KCE) in WA

- On execution of the binding term sheet, Metgasco will provide Patriot with certain logistical and financial support (including a modest secured working capital facility) to provide for plant shipment and delivery.

Stage 2- MEL equity investment into Patriot

- Subject to certain project delivery milestones, Metgasco will undertake a $750,000 equity investment into Patriot as the first stage of an option to acquire 100% of the company, on the same valuation as the final acquisition. This funding is expected to take Patriot's KCE project #1 to first commercial gas and revenue.

Stage 3 – All-scrip acquisition of 100% of Patriot

- Subject to remaining conditions precedent, which include project and commercial outcomes, MEL has the right to purchase 100 per cent of Patriot via an all-scrip acquisition at a valuation of $5.9m (net of stage one and two financial investments), subject to the following key conditions:
  - Meeting of all project deadlines over a six-month period; including safety, technical and commercial conditions (profitable diesel replacement / power delivery);

- Patriot confirming to Metgasco's satisfaction execution of relevant Purchase Power Agreement and feedstock contracts for a second energy project Metgasco; and,
- Subject to the other condition precedents described above having been met, and the deal proceeding, Metgasco obtaining shareholder approval at the 2022 AGM for the issuance of shares to the value of the transaction.

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

Philip Amery
Chairman
23 September 2022

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

Auditor's Independence Declaration

To the Directors of Metgasco Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Metgasco Limited for the year ended 30 June 2022, 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

N P Smietana
Partner – Audit & Assurance

Sydney, 23 September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		$	$
Finance income	5 (a)	112	155
Other Income	5 (b)	-	50,000
		112	**50,155**
Expenses			
Finance costs	6 (c)	(7,419)	(2,928)
Accounting, compliance, legal & professional costs		(113,697)	(133,601)
Investor relations		(203,551)	(126,256)
Consulting fees		(24,667)	(36,277)
Depreciation	6 (a)	(861)	(1,290)
Exploration costs expensed		(158,187)	(2,769)
Impairment of exploration expenditure	11	(4,221,232)	-
Directors fees		(221,833)	(150,833)
Employee costs	6 (d)	(1,004,659)	(600,566)
Occupancy	6 (b)	(40,521)	(38,302)
Travel & accommodation		-	(133)
Other administrative		(120,061)	(129,962)
Fair value movement of investments in listed securities	9	-	(71,153)
Realised gain / (loss) on sale of investments in listed securities	9	3,246	(336,619)
Realised gain on distribution of investments in listed securities	9	-	399,980
		(6,113,442)	**(1,230,709)**
(Loss) for the year		**(6,113,330)**	**(1,180,554)**
Income tax expense	7	**-**	**-**
Net (Loss) for the year		**(6,113,330)**	**(1,180,554)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
		-	**-**
Total comprehensive (Loss) for the year		**(6,113,330)**	**(1,180,554)**
Earnings per share from continuing operations			
Basic (loss) per share (cents)	26	(0.80)	(0.23)
Diluted (loss) per share (cents)	26	(0.80)	(0.23)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022	2021
		$	**$**
ASSETS			
Current			
Cash and cash equivalents	*8*	3,635,270	553,760
Investment in listed securities	*9*	-	177,883
Trade and other receivables	*10*	491,011	66,167
Current assets		**4,126,281**	**797,810**
Non-current			
Exploration and evaluation expenditure	*11*	2,030,734	6,751,305
Oil and gas properties in development	*12*	11,099,790	-
Plant and equipment	*13*	1,418	2,279
Other receivables	*14*	24,000	24,000
Non-current assets		**13,155,942**	**6,777,584**
TOTAL ASSETS		**17,282,223**	**7,575,394**
LIABILITIES			
Current			
Trade and other payables	*16*	2,126,820	683,887
Contract Liabilities	*17*	833,333	-
Provisions	*18*	112,781	-
Current liabilities		**3,072,934**	**683,887**
Non-current			
Trade and other payables	*16*	301,940	-
Contract Liabilities	*17*	2,916,667	-
Provisions	*18*	691,401	-
Total non-current liabilities		**3,910,008**	**-**
TOTAL LIABILITIES		**6,982,942**	**683,887**
NET ASSETS		**10,299,281**	**6,891,507**
EQUITY			
Share capital	*19*	120,675,302	111,697,074
Share option reserve	*20*	524,380	17,189
Accumulated losses		(110,900,401)	(104,822,756)
TOTAL EQUITY		**10,299,281**	**6,891,507**

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 2022

	Share capital	*Share Option Reserve*	*Accumulated losses*	*Total equity*
	$	**$**	**$**	**$**
At 30 June 2020	**111,100,469**	**-**	**(103,642,202)**	**7,458,267**
Loss for the year	-	-	(1,180,554)	(1,180,554)
Other comprehensive income	-	-	-	-
Total comprehensive profit for the year	-	**-**	**(1,180,554)**	**(1,180,554)**
Transactions with owners in their capacity as owners				
Issue of new share capital net of issue costs	3,796,445	**-**	**-**	**3,796,445**
Return of capital – in specie distribution (Note 19)	(3,199,840)	**-**	**-**	**(3,199,840)**
Issue of employee performance rights	-	17,189	**-**	**17,189**
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**
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**

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 2022

	Note	2022	2021
		$	$
Operating activities			
Receipts from customers		**4,125,000**	**-**
Payments to suppliers and employees (inclusive of goods and service taxes)		**(1,263,806)**	**(1,034,410)**
Government Grants – cash flow boost		**-**	**50,000**
Interest received		**-**	**93**
Interest paid		**(6,419)**	**(2,603)**
Net cash flow provided by / (used in) operating activities		**2,854,775**	**(986,920)**
Investing activities			
Expenditure on exploration, evaluation and decommissioning		**(5,780,361)**	**(4,547,268)**
Expenditure on development assets		**(3,207,297)**	**-**
Proceeds from sale of short/long term investments		**181,129**	**2,136,130**
Purchase of property, plant and equipment		**-**	**(2,157)**
Net cash flow used in investing activities		**(8,806,529)**	**(2,413,295)**
Financing activities			
Issue of new share capital, net of issue costs		**9,033,264**	**3,796,445**
Net cash flow provided by financing activities		**9,033,264**	**3,796,445**
Net change in cash and cash equivalents held		**3,081,510**	**396,230**
Cash and cash equivalents at the beginning of year		**553,760**	**157,530**
Cash and cash equivalents, end of year	*8*	**3,635,270**	**553,760**

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

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 2022 were approved and authorised for issue by the board of directors on 23 September 2022.

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 2022.

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.

At 30 June 2022, Metgasco controlled 100% of Richmond Valley Power Pty Ltd. The financial statements of the subsidiary have been prepared for the same reporting date as the parent company, using consistent accounting policies. The purchase method of accounting has been used to account for the acquisition of the subsidiary by the Company. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless cost cannot be recovered. The subsidiary is accounted for in the parent entity at cost.

c) Going Concern

The Directors note that as at 30 June 2022, the Company has a cash position of $3,635,270 and incurred net cash outflows from operating and investing activities of $5,951,754 for the year ended 30 June 2022. Moreover, the Group incurred a net loss of $6,113,330 during the year ended 30 June 2022, and as of that date, had net current assets of $1,053,347 whereas financial commitments towards its exploration tenements and agreements due within one year amounted $2,787,153.

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) generating a cash inflow through the sale of gas;
(ii) raising capital; or
(iii) some combination of the above.

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

The Financial Statements have been approved and authorised by the Board of Directors on 23 September 2022.

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 index-based 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 ant excess recognised in the consolidate 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

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

There are no new or amended accounting standards that required the Company to change its accounting policies for the 2022 financial year.

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.

No new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2022.

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 Company'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 Company has exposure to market, credit risk and liquidity risk.

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

	Consolidated	
	2022	**2021**
	$	**$**
Cash and cash equivalents	**3,635,270**	**553,760**
Byron Energy securities	**-**	**177,883**
Receivables	**429,000**	**24,000**
Financial liabilities at amortised cost	**2,348,471**	**632,144**

Cash and cash equivalents are detailed in Note 8 whilst the amount for loans and receivables represents amounts pledged as security for well rehabilitation, rental bonds, corporate credit cards and trade receivables. See Notes 10, 14 and 24 accompanying the financial statements.

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 Company'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 Company 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 $3,635,270 would increase/decrease the annual amount of interest received by $36,353.

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 Company incurring a financial loss. This usually occurs when debtors or counterparties to contracts fail to settle their obligations owing to the Company. The Company 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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet commitments. The Company ensures that sufficient cash reserves are available to carry out its committed program of works. When assessing and managing liquidity risk, the Company considers that expected cash flows from current financial assets may not suffice to meet the current expected cash outflow requirements. Therefore, the Company may become reliant upon the continued support from shareholders to maintain the liquidity of the Company. All trade and other payables are payable within 6 months.

4. Segment Information

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

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

5. Finance Income and Other Income

		Note	Consolidated	
			2022	2021
			$	$
(a)	**Finance income**			
	Interest generated on cash at bank		112	155
	Total finance income		112	155
(b)	**Other income**			
	Government Grants – cashflow boost		-	50,000
	Total other income		-	50,000

6. Expenses

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

		Note	Consolidated	
			2022	2021
			$	$
(a)	**Depreciation**			
	Plant and equipment		861	1,290
	Total depreciation		861	1,290
(b)	**Occupancy**			
	Occupancy expenses		40,521	38,302
	Total Occupancy		40,521	38,302
(c)	**Finance cost - external**			
	Brokerage on sale of long-term investments		-	325
	Bank charges		670	724
	Interest paid		6,749	1,879
	Total Finance Cost		7,419	2,928
(d)	**Employee costs**			
	Superannuation		48,777	42,947
	Wages and salaries		441,781	537,605
	Insurance		3,836	2,825
	Share based payments	20	491,769	-
	Issue of Performance Rights		18,496	17,189
	Total employee costs		1,004,659	600,566

7. Income Tax

Major components of income tax expense for the Years ended 30 June 2022 and 30 June 2021 are:	Consolidated 2022 $	2021 $
Accounting profit (loss) before tax from continuing operations	**(6,113,330)**	(1,180,554)
Accounting profit (loss) before income tax	**(6,113,330)**	**(1,180,554)**
At the statutory income tax rate of 25% (2021: 26%)	**(1,528,333)**	(306,944)
Add:		
Non-deductible expenses	127,566	(8,529)
Temporary differences now brought to account	(1,412,391)	(1,204,804)
Tax loss not brought to account as a deferred tax asset	2,829,279	1,523,694
Tax amortisation of capital raising costs	(16,121)	(3,417)
At effective income tax rate of 0% (2021: 0%)	**-**	-
Income tax expense reported in income statement	**-**	**-**

Unrecognised deferred tax assets/(liabilities	Consolidated 2022 $	2021 $
Deferred tax assets/(liabilities) have not been recognised in respect of the following items		
Liabilities		
Prepayments	(21,503)	(15,134)
Property, plant & equipment	(354)	(593)
Capitalised exploration expenditure	(507,683)	(1,728,972)
Oil & Gas Properties in Development	(2,774,948)	-
	(3,304,488)	**(1,744,699)**
Assets:		
Trade and other payables	9,125	27,890
Employee benefit	15,558	9,210
Rehabilitation Provision	201,046	-
Business related costs	55,458	13,669
Capital Losses	168,931	-
Tax Losses	26,908,353	25,006,257
	27,358,471	**25,057,026**
	24,053,983	**23,312,327**

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.

8. Cash and Cash Equivalents

	Consolidated 2022 $	2021 $
Cash at bank and on hand	**3,635,270**	**553,760**
Total	**3,635,270**	**553,760**

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.

9. Investments

	Consolidated	
	2022	**2021**
	$	**$**
Investment in listed securities*		
Opening balance	**177,883**	**5,521,645**
Acquired during the period	**-**	**-**
Disposed during the period via sale	**(181,129)**	**(2,136,130)**
Disposed during the period via distribution to shareholders	**-**	**(3,199,840)**
Realised gain/ (loss) on sale	**3,246**	**(336,619)**
Realised gain on distribution to shareholders	**-**	**399,980**
Movement in fair value	**-**	**(71,153)**
	-	**177,883**
Investment in listed securities		
Current	**-**	**177,883**
Non-current	**-**	**-**
	-	**177,883**

As at 30 June 2022, the Company owned zero shares in Byron Energy Ltd. During the period, 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.

10. Trade and Other Receivables (Current)

	Consolidated	
	2022	**2021**
	$	**$**
GST receivable	**-**	**7,960**
Prepayments	**86,011**	**58,207**
Security Bonds	**105,000**	**-**
Cash call refund for Cervantes project*	**300,000**	**-**
Total	**491,011**	**66,167**

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.

11. Exploration and Evaluation Expenditure

	Consolidated	
	2022	**2021**
	$	**$**
Expenditure for the entity's operations		
Movement during the financial period (at cost):		
Opening balance		
PRL 237	10,924	10,924
ATP 2020	545,723	527,662
ATP 2021	4,401,064	982,046
Cervantes	657,534	370,953
PRL 211	1,136,060	-
Total	**6,751,305**	**1,891,585**
Additions		
PRL 237	304	-
ATP 2020	4,249	18,061
ATP 2021	1,453,758	3,419,018
Cervantes	3,013,726	286,581
PRL 211	329,969	1,136,060
Total	**4,802,006**	**4,859,720**
Acquisitions		
PRL 211	553,476	
Total	**553,476**	-
Impairment losses		
ATP 2020	(549,972)	
Cervantes	(3,671,260)	
Total	**(4,221,232)**	-
Transfers to oil and gas properties in development		
ATP 2021	(5,854,821)	
Total	**(5,854,821)**	**-**
Carrying amount at end of year		
PRL 237	11,228	10,924
ATP 2020	-	545,723
ATP 2021	-	4,401,064
Cervantes	-	657,534
PRL 211	2,019,506	1,136,060
Total	**2,030,734**	**6,751,305**

Impairment losses

At 30 June 2022, the Company reviewed the carrying amount of its exploration and evaluation assets for indicators of impairment in accordance with the Company's accounting policy (refer Note 2(j)). The recoverability of the carrying amount of the is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. During the reporting period, an impairment expense was recognised of $3,671,260 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 based on management's decision to discontinue its exploration activities for this area of interest.

Transfers to oil and gas properties in development

During the reporting period works commenced on the ordering of long lead items and other planning activities to bring the Vali field into production later in 2022, the Vali assets have therefore been reclassified from an exploration and evaluation assets to a development asset.

12. Oil and Gas Properties in Development

	Consolidated 2022 $	Consolidated 2021 $
Expenditure for the entity's operations		
Movement during the financial period (at cost):		
Opening balance	**-**	**-**
Additions	**5,244,969**	**-**
Transfers from exploration and evaluation expenditure	**5,854,821**	**-**
Carrying amount at end of year	**11,099,790**	**-**

All development assets held as at 30 June 2022 are contained within the Vali field which is held in the ATP2021 permit area.

13. Plant and Equipment

	Consolidated 2022 $	Consolidated 2021 $
Computer equipment		
At cost	**9,274**	**9,274**
Accumulated depreciation and impairment	**(7,856)**	**(6,995)**
Net carrying amount	**1,418**	**2,279**

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:

	2022	2021
Computer equipment		
Carrying amount at beginning of financial year	**2,279**	**1,412**
Additions	**-**	**2,157**
Disposals	**-**	**-**
Depreciation	**(861)**	**(1,290)**
Carrying amount at end of financial year	**1,418**	**2,279**
Total plant and equipment		
Carrying amount at beginning of financial year	**2,279**	**1,412**
Additions	**-**	**2,157**
Disposals	**-**	**-**
Depreciation	**(861)**	**(1,290)**
Carrying amount at end of financial year	**1,418**	**2,279**

14. Other Receivables (Non-current)

	Consolidated 2022 $	Consolidated 2021 $
Security bonds non-current	**24,000**	**24,000**
Total	**24,000**	**24,000**

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

15. Other Financial Assets

The statement of financial position incorporates the assets, liabilities, and results of the subsidiary in accordance with the policy described in Note 2(b).

Name of entity	Country of incorporation	Class of Shares	Equity holding			
			2022	2021	**2022**	2021
			%	%	**$**	$
Richmond Valley Power Pty Ltd	Australia	Ordinary	100	100	100	100

The proportion of ownership interest is equal to the proportion of voting power held for all the above subsidiaries.

16. Trade and Other payables

	Consolidated 2022 $	Consolidated 2021 $
Current		
Trade payables	**2,011,568**	**523,574**
Accrued charges and expenses	**36,500**	**108,570**
Employee benefits (a)	**78,752**	**51,743**
	2,126,820	**683,887**
Non-current		
Contingent consideration (b)	**301,940**	**-**
	301,940	**-**
Total	**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) As disclosed under note 11, during the reporting period an additional stake was acquired in the PRL211 asset. The considerations terms for the acquisition included a component that is contingent subject 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.

17. Contract Liabilities

	Consolidated 2022 $	2021 $
Current		
Deferred revenue	**833,333**	-
	833,333	-
Non-current		
Deferred revenue	**2,916,667**	-
	2,916,667	-
Total	**3,750,000**	-

During the 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.

18. Provisions

	Consolidated 2022 $	2021 $
Current		
Restoration obligations	**112,781**	-
	112,781	-
Non-current		
Restoration obligations	**691,401**	-
	691,401	-
Total	**804,182**	-
Restoration Obligations		
Carrying amount at beginning of financial year	-	-
Increases	**804,182**	-
Decreases	-	-
Carrying amount at end of financial year	**804,182**	-

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.

19. Contributed Equity

Ordinary Shares	No of Shares 2022	No of Shares 2021	Value ($) 2022	Value ($) 2021
Opening balance	549,649,424	390,601,434	111,697,074	111,100,469
Issue of new share capital net of issue costs	375,523,551	159,047,990	8,828,219	3,796,445
Shares issued as a result of exercise of options	4,829,702	-	150,009	-
Return of capital	-	-	-	(3,199,840)
Closing balance	**930,002,677**	**549,649,424**	**120,675,302**	**111,697,074**

Options (quoted on ASX)	No of Options 2022	No of Options 2021
Opening balance	-	-
Options issued	307,253,147	-
Options exercised	(310,190)	-
Options lapsed	(182,444,902)	-
Closing balance	**124,498,055**	-

Options (not quoted on ASX)	No of Options 2022	No of Options 2021
Opening balance	182,476,936	-
Options issued	39,875,000	182,525,012
Options exercised	(4,519,512)	(48,076)
Options lapsed	(182,457,424)	-
Closing balance	**35,375,000**	**182,476,936**

Performance Rights	No of Performance Rights 2022	No of Performance Rights 2021
Opening balance	10,418,411	-
Rights issued	-	10,418,411
Rights lapsed	(5,209,205)	-
Rights cancelled	(5,209,206)	
Closing balance	**-**	**10,418,411**

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:

- 23 July 2021 issued 19,512 shares as part of options conversions at 4 cents per share.
- 20,27 & 30 August 2021, 183,215,858 shares as part of an entitlement offer at 2.5 cents per share.
- 4 January 2022 issued 12,522 shares as part of options conversions at 4 cents per share.
- 20 January 2022 & 4 February 2022 issued 251,089 shares as part of options conversions at 3.1 cents per share.
- 3 March 2022, 173,912,101 shares as part of a share placement at 2.6 cents a share.
- 6 April 2022 issued 4,546,579 shares as part of options conversions at 3.1 cents per share.
- 3 May 2022, 18,395,592 shares as part of a share placement at 2.6 cents a share.

19. Contributed Equity (continued)

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 issued options during the year as follows:

a) 6,000,000 issued on 2 September 2021
   a. One option may be exercised and converted into one fully paid ordinary share in the Company;
   b. An exercise price to of $0.031 per option;
   c. Expiry date of 31 December 2022.

b) 58,693,180 issued on 4 November 2021
   a. One option may be exercised and converted into one fully paid ordinary share in the Company;
   b. An exercise price to of $0.031 per option;
   c. Expiry date of 31 December 2022.

c) 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.

d) 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.

e) 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.

20. Share Based Payments

During the reporting period the Company issued 33,875,000 Director and Officer Share Options, and 8,000,000 Broker Options (in relation to the 2021 Entitlement Offer and 2022 Share Placement). The option entitles the holder to exchange for ordinary shares in the Company on a 1 for 1.

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

	Director and Officer Share Options	Broker Options	Broker Options
Share price on issue	$0.030	$0.025	$0.026
Issue date	10 Dec 2021	31 Aug 2021	5 May 2022
Exercise price	$0.045	$0.031	$0.045
Life (years)	3	1.33	2.60
Volatility	90%	83%	90%
Risk free rate	0.935%	0.005%	2.96%
Valuation per option	$0.0145172	$0.0077290	$0.0105090
Total options issued	33,875,000	6,000,000	2,000,000
Total Value	**$491,769**	**$46,374**	**$21,018**

As at 30 June 2022, the share option reserve amounts to $524,380 (2021: $17,189)

21. Key Management Personnel

	Consolidated 2022 $	Consolidated 2021 $
Short-term employee benefits	**475,530**	**442,585**
Post-employment employee benefits	**41,954**	**31,595**
Share based payments	**355,671**	**9,829**
Total compensation	**873,155**	**484,009**

22. Auditor's Remuneration

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

	Consolidated	
	2022	2021
	$	$
During the year, fees paid/payable to the Company's auditors were:		
For audit and review – Grant Thornton Audit Pty Ltd	95,924	78,089

23. 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 21 above), there are no further related party transactions to disclose.

24. Contingent Liabilities and Assets

	Consolidated	
	2022	2021
	$	$
Security Bonds to State governments	129,000	24,000

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.

25. Commitments

These relates to committed expenditure on ATP2021,PRL211 and PRL237.

	Consolidated	
	2022	2021
	$	$
Minimum expenditure for exploration & evaluation, and development assets		
Within one year	2,787,153	19,027,127
Year 2 to Year 4	11,004	11,004
Over 5 years	-	-
Total	2,798,157	19,038,131
Office Rent		
Within one year	24,855	24,855
Later than one year but not later than five years	-	-
Total	24,855	24,855

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

(i) generating a cash inflow through the sale of gas;
(ii) raising capital; or
(iii) some combination of the above.

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

26. Earnings Per Share

	Consolidated	
	2022	2021
	$	$
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	**(6,113,330)**	**(1,180,554)**
Diluted earnings per share		
Loss attributable to owners of Metgasco Ltd used to calculate diluted earnings per share	**(6,113,330)**	**(1,180,554)**
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**767,565,500**	**524,175,259**
Loss per share (cents)	**(0.80)**	**(0.23)**

The Company's potential ordinary shares, being 159,873,055 options granted, are not considered dilutive as the options strike price was significantly above the closing share price of the Company at 30 June 2022 and the Company is also in a loss position as at 30 June 2022.

27. 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 2022 and 30 June 2021:

30 June 2022	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Listed securities	-	-	-	-
Total assets	-	-	-	-
Financial liabilities				
Contingent consideration	-	302	-	-
Total liabilities	-	302	-	-
Net fair value	**-**	**302**	**-**	**-**

30 June 2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Listed securities	178	-	-	178
Total assets	178	-	-	178
Net fair value	**178**	**-**	**-**	**178**

28. Financial Facilities

The Company does not have any loan facilities in place as at the date of these Financial Statements.

29. Parent Entity Disclosures

	2022	2021
	$	$
Current assets	4,126,281	797,810
Non-current assets	13,156,042	6,777,684
Total assets	17,282,323	7,575,494
Current liabilities	3,072,934	683,887
Non-current liabilities	3,910,108	100
Total liabilities	6,983,042	683,987
Contributed equity	120,675,302	111,697,074
Share options reserve	524,380	17,189
Accumulated losses	(110,900,401)	(104,822,756)
Total equity	10,299,281	6,891,507
(Loss) for the year	(6,113,330)	(1,180,554)
Other comprehensive income for the year	-	-
Total comprehensive (loss)/profit for the year	(6,113,330)	(1,180,554))

Commitments

	2022	2021
	$	$
Minimum expenditure for exploration & evaluation, and development assets		
Within one year	2,787,153	19,027,127
Year 2 to Year 4	11,004	11,004
Over 5 years	-	-
Total	2,798,157	19,038,131
Office Rent		
Within one year	24,855	24,855
Later than one year but not later than five years	-	-
Total	24,855	24,855

Contingent Liabilities

	2022	2021
	$	$
Security deposits to state governments	129,000	24,000

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.

30. Statement of Cash Flows Reconciliation

		Consolidated	
		2022	2021
		$	$
(a)	**Reconciliation of net loss after tax to net cash flows from operations**		
	Net loss for the year	(6,113,330)	(1,180,554)
	Adjustments for:		
	Depreciation	861	1,290
	Impairment of exploration expenditure	4,221,232	-
	Non-cash employee benefits expense – share-based payments	491,769	-
	Fair value movement of investments in listed securities	-	71,153
	Realised (gain) / loss on sale of investments in listed securities	(3,246)	336,619
	Realised gain on distribution of investments in listed securities	-	(399,980)
	Changes in assets and liabilities:		
	(Increase) / Decrease in trade and other receivables	(424,844)	28,012
	Increase in trade and other payables	128,151	156,540
	Increase in contract liabilities	3,750,000	-
	Increase in provisions	804,182	-
	Net cash flows provided by / (used in) operating activities	2,854,775	(986,920)

(b) Non cash financing and investing activities
$Nil (2021: $3,199,840 non-cash decrease in share capital via in-specie distribution)

31. Events After the Reporting Period

No 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:

On 16 August 2022, the Company announcement it had entered into an agreement to acquire renewable hydrogen production technology developer Patriot Hydrogen Ltd (Patriot). The binding term sheet has been designed to allow a phased acquisition of Patriot's business subject to conditions precedents including successful delivery of project technical and commercial objectives over each project stage. Key terms are outlined below:

Stage 1 – Delivery of Equipment to Kimberly Clean Energy Pty Limited (KCE) in WA
- On execution of the binding term sheet, Metgasco will provide Patriot with certain logistical and financial support (including a modest secured working capital facility) to provide for plant shipment and delivery.

Stage 2- MEL equity investment into Patriot
- Subject to certain project delivery milestones, Metgasco will undertake a $750,000 equity investment into Patriot as the first stage of an option to acquire 100% of the company, on the same valuation as the final acquisition. This funding is expected to take Patriot's KCE project #1 to first commercial gas and revenue.

Stage 3 – All-scrip acquisition of 100% of Patriot
- Subject to remaining conditions precedent, which include project and commercial outcomes, MEL has the right to purchase 100 per cent of Patriot via an all-scrip acquisition at a valuation of $5.9m (net of stage one and two financial investments), subject to the following key conditions:
    - Meeting of all project deadlines over a six-month period; including safety, technical and commercial conditions (profitable diesel replacement / power delivery);
    - Patriot confirming to Metgasco's satisfaction execution of relevant Purchase Power Agreement and feedstock contracts for a second energy project Metgasco; and,
    - Subject to the other condition precedents described above having been met, and the deal proceeding, Metgasco obtaining shareholder approval at the 2022 AGM for the issuance of shares to the value of the transaction.

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 2022 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 2022.

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
23 September 2022

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230

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Independent Auditor's Report

To the Members of Metgasco Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Metgasco Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 2022 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 2(c) in the financial statements, which indicates that the Group incurred a net loss of $6,113,330 during the year ended 30 June 2022, and as of that date, had net current assets of $1,053,347 and financial commitments towards its exploration and development activities due within one year of $2,787,153. As stated in Note 2(c), these events or conditions, along with other matters as set forth in Note 2(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.

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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Exploration and Evaluation Expenditure - Note 11
Oil & Gas Properties in Development – Note 12</td></tr>
<tr><td>
The Group recognises capitalised exploration and evaluation expenditure in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources and oil and gas properties in development in accordance with AASB 116 Property plant and Equipment.
As at 30 June 2022, exploration and evaluation assets amount to $2,030,734 and oil & gas properties in development amount to $11,099,790.
During the year, the Group capitalised $5,355,481 of costs to exploration and evaluation assets and $5,244,969 of costs to oil & gas properties in development in relation to different areas of interest. It also transferred $5,854,821 of costs related to Authority To Prospect (ATP) 2021 from exploration assets to oil and gas properties in development. This is also the first year where capitalised costs were transferred from exploration assets to oil & gas properties in development.
This area is a key audit matter due to the inherent subjectivity that is involved in making judgements in relation to the evaluation for any impairment indicators, in accordance with AASB 6 - Exploration for and Evaluation of Mineral Resources and AASB 136 – Impairment of Assets.
There are a number of assumptions made when assessing the recoverability of capitalised costs and it is dependent upon the future success of projects and initiatives.
</td><td>
Our procedures included, amongst others:

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;
Vouching a sample of expenditure to ensure they meet the recognition criteria under AASB 6 for exploration assets and AASB 116 for oil & gas properties in development;
Ensuring the effective date for any transfers from exploration assets to oil & gas properties in development is appropriate
Assessing, with the assistance of our internal Corporate Finance specialists, the impairment test performed on ATP 2021 at the date of transfer including checking:

the compliance of the impairment test based on value in use with AASB 136 – Impairment of Assets;
the mathematical accuracy of the valuation model;
the assumptions used in the model which include, amongst other, gas sales based on existing reserves and the forecast gas price, tolling fees, royalty costs, capital expenditure, inflation rate and discount rate; and
the sensitivity of the assumptions mentioned above.

Ensuring the accounting policies with respect to exploration assets and oil & gas properties in development are appropriate;

</td></tr>
</table>

	• For exploration assets, reviewing that management's indicators of impairment assessment is in accordance with *AASB 6*; • For oil and gas properties in development, reviewing that management's indicators of impairment assessment is in accordance with *AASB 136*; and • Assessing the appropriateness of the related disclosures within the financial statements.
Restoration provisions - Note 18	
As a result of its exploration and development activities as at reporting date, the Group has an obligation to restore the respective areas in the future. Restoration provisions are required to be recognised in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets.* As at 30 June 2022, restoration provisions for two continuing areas of interest and one discontinued area of interest have been recognised totalling $804,182. The process for determining restoration provisions involves significant management judgement and subjectivity with regards to the underlying assumptions.	Our procedures included, amongst others: • Obtaining from management a calculation for each area of interest (where disturbance has occurred) supporting the restoration provision recognised in the financial report and testing key valuation inputs including: - Agreeing relevant information (number of wells, life of well, cost per well etc) to technical / operational reports; - Assessing the reasonableness of inflation and discount rates applied; - Recalculating the net present value; - Checking the compilation and calculations in the management model. • Assessing the cost estimate per well drilled to management experts / operators reports and reviewing the qualifications / skills of management's expert; • Obtaining and reviewing management's paper for compliance with *AASB 137: Provisions, Contingent Liabilities and Contingent Assets* and *Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities*; and • Assessing the appropriateness of the related disclosures within the financial statements.

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 2022, 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 13 to 18 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Metgasco Limited, for the year ended 30 June 2022 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

N P Smietana
Partner – Audit & Assurance

Sydney, 23 September 2022