

Drilling rig secured for onshore Otway Basin

- **Easternwell Rig 106 to drill Nangwarry-1**
- **Well pad lease preparation nearly complete**
- **Nangwarry-1 expected to spud in October/November 2019**

Vintage Energy Ltd (“Vintage”, ASX: VEN) is pleased to announce that the operator of the Otway Basin Joint Venture (PEL 155, Vintage 50%), Otway Energy Pty Ltd (“Otway”), has advised that Easternwell Rig 106 has been secured to drill the Nangwarry-1 well in the Penola Trough, onshore Otway Basin. Beach Energy Ltd (“Beach”) and Otway will demobilise/mobilise the rig from Beach’s location in the Perth Basin in Western Australia to the Nangwarry-1 site following completion of Beach’s Perth Basin drilling activities. The rig has been secured via a rig sharing agreement with Beach. The joint venture anticipates the rig will be available to commence drilling Nangwarry-1 in October/November 2019.

The fit for purpose Easternwell Rig 106 is a fully automated 1,500 horse-power drilling rig, specifically designed and capable of drilling to a depth of 5,000 metres. The fully automated capability improves efficiency and safety throughout the drilling process. Preparation works for the lease in line with the rig specifications are well advanced and expected to be completed over the coming month.



Figure 1: Nangwarry-1 lease build



Figure 2: Easternwell Rig 106

The joint venture received a South Australian Government PACE gas grant of \$4.95 million which will be used to partly fund the drilling Nangwarry-1. The prospect is a three-way dip fault dependent trap in the Pretty Hill and Sawpit formations, defined on 3D seismic. The Pretty Hill target is considered analogous to the nearby Beach owned Katnook, Haselgrove and Ladbroke Grove fields which have produced substantial quantities of gas since discovery. The Sawpit target is a direct analogue to the recent Haselgrove-3 discovery (Beach, 100%) which flowed gas at 25MMscfd on test. The well is anticipated to take approximately 45 days to drill and, if successful, will be tested for gas flow shortly after completion.

Nangwarry-1 has a best estimate gross prospective resource¹ of 57 Bcf (28.5 Bcf net). Any gas produced from Nangwarry-1 can be expedited to market due to its close proximity to infrastructure and industry. Nearby infrastructure includes the Katnook gas processing plant (operated and currently being upgraded by Beach) located approximately 10 kilometres to the southeast, and a substantial network of pre-existing pipelines that connect to local industry and the eastern states gas supply network.

The Otway Basin Joint Venture looks forward to working with the Government of South Australia, local industry and the South East community to progress this exciting conventional gas exploration drilling opportunity.

Vintage Managing Director, Neil Gibbins, said “Vintage is very pleased to secure Easternwell Rig 106 to drill Nangwarry-1. Should the well be successful, it would extend the proven Pretty Hill Sandstone play province as well as the new Sawpit Sandstone play province. A positive result would have the potential to supply much needed gas to local industry in the South East of South Australia, as well as the South Australian market more generally.”

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About Vintage

The natural gas supply crisis currently afflicting the eastern part of Australia and the energy market more widely have been the catalysts for the creation and ASX listing of Vintage, with Reg Nelson (former Managing Director of Beach Energy Ltd) as Chairman and Neil Gibbins (former Chief Operating Officer of Beach Energy Ltd) as Managing Director. The company has acquired high quality gas exploration and appraisal assets close to infrastructure with the potential for rapid development and the promise of early cash flow. Vintage will continue to identify and seek to acquire further high-quality gas exploration and production assets with a focus on those that offer the potential for accelerated pathways to commercialization.

Oil potential in prominent onshore basins is also a key focus, particularly given the experience of Vintage team members in discovering and developing oil fields on the Western Flank of the Cooper-Eromanga basins in South Australia.

1. Estimates are in accordance with the Petroleum Resources Management System (SPE, 2007) and Guidelines for Application of the PRMS (SPE, 2011). Probabilistic methods were used. Sales gas recovery and shrinkage have been applied to the Prospective Resource estimation. The losses include those from the field use, as well as fuel and flare gas. Volumes have shrinkage applied to correct for estimated inerts and liquid dropout. This is detailed below.

Prospective and Contingent Resources:

With respect to Prospective Resource estimates contained in this ASX release, estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) approved by the Board of the Society of Petroleum Engineers in 2007.

Reserves Evaluators:

RISC Advisory Pty Ltd – Nangwarry Prospect Prospective Resource Assessment

RISC is an independent oil and gas advisory firm. All of the RISC staff engaged in this assessment are professionally qualified engineers, geoscientists or analysts, each with many years of relevant experience and most have in excess of 20 years. RISC was founded in 1994 to provide independent advice to companies associated with the oil and gas industry.

Today the company has approximately 40 highly experienced professional staff at offices in Perth, Brisbane, Jakarta and London. RISC has completed over 2,000 assignments in 70+ countries for nearly 500 clients. Services cover the entire range of the oil and gas business lifecycle and include:

- Oil and gas asset valuations, expert advice to banks for debt or equity finance;
- Exploration/portfolio management;
- Field development studies and operations planning;
- Reserves assessment and certification, peer reviews;
- Gas market advice;
- Independent Expert/Expert Witness; and
- Strategy and corporate planning.

The preparation of the assessment was supervised by Mr. Ian Cockerill, RISC Head of Geoscience. Mr. Cockerill has 20 years' experience in the upstream hydrocarbon industry with Hunt Oil, Apache Energy and RISC. He is a member of the American Association of Petroleum Geologists, the Geological Society of London and the Petroleum Exploration Society of Australia.

He has extensive experience with mature and greenfield oil, gas, gas-condensate and unconventional developments in North America, Europe, Africa, Middle East, South East Asia and Australasia. Mr. Cockerill holds an MSc in Basin Evolution and Dynamics from Royal Holloway College, University of London, 1999 as well as a BSc in Geological Sciences (First (Hons)) from Leeds University, 1996. Mr. Cockerill is a qualified petroleum reserves and resources evaluator (QPPRE) as defined by ASX listing rules.