



ASX / MEDIA RELEASE

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QUARTERLY ACTIVITIES REPORT

PERIOD ENDED 30 SEPTEMBER 2017

SUMMARY

- ✓ Native Title negotiations underway for ATP 2020 and ATP 2021
- ✓ Investment into Frey-1 Cooper Basin exploration well
- ✓ Participation in Byron Energy Ltd (ASX:BYE) (**Byron Energy**) equity issuance
- ✓ Resignation of Non-Executive Director Terry White
- ✓ Board continued to evaluate opportunities in the Oil & Gas sector.

The highlights of the quarter's activities are outlined below.

Queensland exploration blocks

Metgasco is progressing through the Native Title negotiation process with the traditional land owners, the Wongkumara people, and Authorities to Prospect will be granted after Native Title agreements are finalised. Since the record date, a successful first meeting with the traditional owners has been held and Metgasco is pleased with the relationship that has been built with our fellow stakeholders in (subject to grant) ATPs 2020 and 2021. The Board is confident that these agreements will be concluded shortly. Metgasco continues to advance its technical knowledge of these two blocks, which the company considers highly prospective, with assistance from specialised consultants.

Byron Energy

Pursuant to Metgasco's Convertible Note Deed with Byron Energy, the Board elected to exercise its priority rights and took a 10% participation via a subscription of **A\$2,652,790** for 37,897,000 Byron Energy securities, at an issue price of A\$0.07. The Board considers it an attractive exposure to the near term, high impact development pathway at Byron Energy's South Marsh Island 71 project and Byron Energy's other projects in the Gulf of Mexico. It has seen Metgasco become a substantial shareholder of Byron Energy, holding a 5.77% interest. As at the time of this report, Metgasco's securities in Byron Energy (at A\$0.12) have a market value of **A\$4,547,640**.

Permitting work for the Bivouac Peak project in Louisiana, USA in which the Company holds a 10% working interest (7.45% Net Revenue Interest) continued to be progressed during the quarter by Byron Energy as the operator of the project. Byron now advise an expected drilling date in the second half of 2018 for this large target.

In accordance with the Convertible Note Deed the Company received the first instalment of \$1.0 million in repayment of the \$8.0 million loan facility from Byron Energy shortly after the end of the reporting period.

New business

During the quarter, Metgasco joined Senex Energy Ltd (ASX:SXY) and Cooper Energy Ltd (ASX:COE) via a farm-in investment into the Frey-1 Area for a 20% working interest. Metgasco was responsible for paying 30% of the costs associated with the drilling. Given the lack of significant hydrocarbons shows upon reaching the target depth, it was decided to plug and abandon the well. Other farm in opportunities in the Cooper Basin with both Senex Energy and other parties are currently being evaluated.

The formal tender submitted during the previous quarter for an attractive opportunity offered by an Australian State Government was unfortunately not successful.

Metgasco continued with its strategy of reviewing a number of opportunities in the Oil & Gas sector and each opportunity has been reviewed for its potential to deliver short term reliable returns, long term growth opportunities and an appropriate risk / reward balance.

Cash position

The Company ended the quarter with a cash balance of A\$6.9 million and with no debt.

The Byron Energy funding facility is fully drawn to A\$8.0 million with quarterly repayments of \$1.0 million to commence in October 2017.

The following is a reconciliation of the Company's cash position from 30 June 2017 to 30 September 2017:

	\$A'000
Cash at 30 June 2017	<u>10,197</u>
Net interest and investment income	352
Exploration and evaluation expenditure	(614)
Investments (cost)	(2,652)
Overhead and administrative	<u>(379)</u>
Cash at 30 September 2017	<u>6,904</u>

The Company's cash backing as at 30 September 2017 was \$0.0173 per share. This compares with the equivalent cash backing reported as at 30 June 2017 of \$0.0256 per share.

Shareholders should note that in addition to the cash reported above, as at 30 September 2017 Metgasco's Funding Facility to Byron Energy with a face value of A\$8.0 million was accounted for as a receivable. As reported above the first repayment of A\$1.0 million in cash was received after 30 September 2017.

Cost and capital management.

The Company continues to pay particular attention to costs and capital management whilst retaining its ability to seek new business opportunities. No new executive staff have been retained. Metgasco has utilised consultants for various activities including project evaluation over the quarter and these are expensed as Overhead and Administrative items for the purposes of the above cash reconciliation.

The Company's cash balances are held as cash at bank, listed investment grade and near-investment grade exchange traded bonds and term deposits.

Shareholder base

At 30 September 2017, Metgasco had 398,464,823 shares on issue and 2,512 shareholders. Its top 20 holders held 208,129,818 shares or 52.23% of the Company's issued capital.

Certified Reserves / Resources

The company has no certified reserves or resources at present.

Tenements / Farm-in Opportunities

As at 30 September 2017, the Company holds a 10% working interest (7.45% Net Revenue Interest) in the Bivouac Peak project which is expected to cost approx. US\$1.3 million (A\$1.8 million on current exchange rates). Metgasco has been advised by the Operator, Byron Energy, that approval processes are ongoing and that drilling is planned to commence no earlier than second half of 2018.

In the quarter the Company entered into an option with Byron Energy to farm into another project in the Gulf of Mexico in addition to the existing Bivouac Peak farm-in.

Outlook - work program for next quarter

The Company anticipates concluding the negotiations with the traditional land owners in the next quarter. Successful execution of the native title agreement which will allow the development of the Cooper Basin acreage to move into the next stage.

The Company will continue its search to identify new business opportunities.

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Background on Metgasco

www.metgasco.com.au

Metgasco is presently pursuing new opportunities in the Oil & Gas sector. It holds an interest, via a secured production development funding facility, equity options and participation rights, in U.S Gulf of Mexico company Byron Energy Limited (ASX:BYE). Metgasco holds a 10% (non-operating) farmed-in interest in Byron's Bivouac Peak Louisiana hydrocarbon project with a planned initial well testing a Gross prospective resource of 32,270 Mboe in addition to farm-in rights in relation to Byron's Gulf of Mexico portfolio. Aside from its \$8.0 million secured receivable noted above, Metgasco holds cash and cash equivalent investments of approximately A\$6.9 million, net of its recent election to invest \$2.6 million, via its pre-emptive participation right, into Byron Energy's \$0.07 placement which settled on 26 September 2017.

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