



ASX / MEDIA RELEASE

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QUARTERLY ACTIVITIES REPORT

PERIOD ENDED 31 MARCH 2018

SUMMARY

- ✓ New independent Non-Executive Director, Dr Robbert Willink, with significant Oil & Gas experience appointed to the Board
- ✓ Byron Energy Limited (ASX: BYE) (**Byron**) investment continues to generate significant returns with a further \$1.0m repaid against the \$8.0m convertible note facility
- ✓ Native Title negotiations satisfactorily concluded for ATP 2020P and ATP 2021P
- ✓ General Meeting held on 11 April 2018, adjourned and reconvened on 16 April 2018 to consider the removal of a Director
- ✓ Board continued to progress opportunities in the Oil & Gas sector.

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

New Independent Non-Executive Director

On 2 February 2018, Metgasco appointed Dr Robbert Willink to the Board as an Independent Non-Executive Director who has more than 40 years' experience in the Oil & Gas industry. Dr Willink brings excellent technical skills to the Board and his expertise and track record of success will be invaluable not only in driving the Company's existing assets such as our exploration blocks in the Cooper Basin and our farm-ins in the Gulf of Mexico but even more so in continuing identifying new opportunities in Australia and abroad.

Byron Energy

- Metgasco holds 37.9 million shares in Byron at a cost of \$2.7 million which have a market value of \$14.59 million, based on Byron's closing price of \$0.385 as at 28 March 2018, thereby generating an unrealised gain of \$11.89 million (increasing to \$14.8 million and \$12.1 million respectively, as at 26 April 2018);
- The Byron Funding Facility was initially drawn down by Byron to \$8.0 million and in accordance with its terms, Byron has since repaid \$3.0 million (\$1.0 million each on 22 October 2017, 22 January 2018 and 23 April 2018);
- Metgasco also holds 10.0 million options in Byron with a strike price of \$0.25 per share, which expire on 21 July 2019.

The Board continues to regularly review these positions, which are viewed as strategic in nature.

In accordance with the terms of the Convertible Note Deed, the Company received the third instalment of A\$1.0 million in repayment of the initial A\$8.0 million loan facility (**Funding Facility**) from Byron after the end of the reporting period, on 23 April 2018. The fourth quarterly instalment of the A\$1.0 million repayment is due on 22 July 2018.

Permitted work for the Byron Bivouac Peak project in Louisiana, USA, in which the Company holds a 10% working interest (7.45% Net Revenue Interest), was progressed during the quarter by Byron as the operator of the project.

Queensland exploration blocks

On Tuesday, 6 February 2018, Metgasco executed the Native Title Agreements for the land area covered by ATP 2020P and ATP 2021P in the Cooper Basin in South-West Queensland with the traditional land owners, the Wongkumara people. Metgasco has applied to, and awaits the granting by, the Queensland Government for the Authorities to Prospect on both land areas.

Queensland DNRm advice is that these grants are imminent.

Removal of Director

A general meeting of shareholders was held on 11 April 2018, which was adjourned and reconvened on 16 April 2018. The result of the meeting was that Mr. Andrew Purcell was removed as a director of the Company.

New business

In addition to the Gulf of Mexico farm-in opportunities, Metgasco continues to evaluate new business opportunities in the Oil & Gas sector consistent with its strategic objectives. Each opportunity is being reviewed for its potential to deliver short term reliable returns, long term growth opportunities and an appropriate risk / reward balance.

While, again as previously advised, the Company can provide no guarantee of a transaction being completed in the near term, evaluation activities are progressing on one near term acquisition opportunity that may deliver a production and development profile to the Company.

The Company continues to evaluate further opportunities within the energy exploration & production sector of both an asset and corporate nature.

Cash position

The Company ended the quarter with a cash balance of A\$6.4 million and with no debt.

The following is a reconciliation of the Company's cash position from 31 December 2017 to 31 March 2018:

	\$A'000
Cash at 31 December 2017	<u>5,842</u>
Net interest and investment income	281
Funding Facility repayment by BYE	1,000
Exploration and evaluation expenditure	(353)
Overhead and administrative	<u>(377)</u>
Cash at 31 March 2018	<u>6,393</u>

The Company's cash backing as at 31 March 2018 was \$0.016 per share. This compares with the equivalent cash backing reported as at 31 December 2017 of \$0.0147 per share.

As noted above, the third repayment of A\$1.0 million in cash from the Byron Funding Facility was received on 23 April 2018.

Shareholders should note that the Company's other financial assets, including Corporate Bonds of approximately A\$2.2 million, the Byron convertible note receivable of A\$6m (interest + line fee of 14%), as well as the Company's shareholding and options in and over Byron Energy Limited are not included in the Company's cash position disclosure.

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. 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, and term deposits.

Shareholder base

At 31 March 2018, Metgasco had 398,464,823 shares on issue and 2,387 shareholders. Its top 20 holders held 228,669,718 shares or 57.39% 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 31 March 2018, 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\$1.6 million on current exchange rates). Metgasco has been advised by the Operator, Byron, that approval processes are ongoing and that drilling is planned to commence in the second half of 2018.

The Company holds further contractual rights for project participations with Byron as outlined in previous announcements.

Outlook - work program for next quarter

The Company continues to actively advance its technical work on Cooper Basin ATPs 2020P and 2021P (Metgasco: 100%) and will broaden this work upon Ministerial grant, as outlined above.

The Company will continue to identify and progress new business opportunities consistent with its objectives.

ENDS

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). It also holds a 100% interest in Cooper Basin exploration assets ATP 2020P and ATP 2021P. Metgasco further 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 \$5.0 million secured receivable noted above, Metgasco holds cash investments of approximately A\$6.4 million.

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