



ASX / MEDIA RELEASE

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27 August 2018

BIVOUAC PEAK FIRST WELL: DRILLING OPERATIONS COMMENCE

- **Parker 77B Posted Barge Rig mobilised to location at Bivouac Peak East in the Louisiana transition zone.**
- **Byron-operated Weiss-Adler No. 1 well to be drilled to 18,000 feet TVD with drilling operations commenced at 1:30pm US Central Standard Time, Saturday, 25 August 2018.**
- **A 75 day drilling program to reach total depth is anticipated.**
- **The Well is drilling ahead at 1,300 feet TVD as at 3:00pm US Central Standard Time, Sunday, 26 August 2018 (6:00am, Australian Eastern Standard Time, Monday, 27 August 2018).**

Metgasco Ltd (**ASX:MEL**) (Metgasco, or, the **Company**) announces that, as advised in June 2018 (see ASX release 28 June 2018, *"Metgasco elects to participate in drilling first well at Bivouac Peak"*), Metgasco has enlivened its farm-in to the prospective Bivouac Peak project area with operating partner, Byron Energy Limited (**ASX:BYE**) (**Byron**).

Metgasco is pleased to advise that the Parker 77B Posted Barge Rig, secured for the testing of the Bivouac Peak East Prospect, has been mobilised to location and that drilling operations have commenced, with the rig drilling ahead at 1,300 feet True Vertical Depth (**TVD**) as at 3:00pm US Central Standard Time, Sunday, 26 August 2018.

Weiss Adler et al No. 1 well and the Bivouac Peak East exploration prospect

The Weiss-Adler et al No. 1 (**WA #1**) well is to be drilled to a target depth of 18,000 feet TVD and is expected to take approximately 75 days to reach total depth.

This initial test well of the Bivouac Peak East exploration prospect is targeting a 32.2 million barrels of oil equivalent (**Mmboe***) gross prospective resource (35% oil / 65% gas) within the Louisiana Transition zone.

Byron Energy Inc., a wholly owned subsidiary of Byron, is the operator of the Byron WA #1 well and the Bivouac Peak Prospect Area.

The Bivouac Peak Prospect leases are in the Louisiana transition zone, the prolific onshore/marshland area along the southern Louisiana Gulf Coast, and inboard of Byron's existing shallow water projects in the Federal Outer Continental Shelf.

Metgasco participation, costs and prospective resources

Metgasco is paying a 13.33% share of the initial well costs to reach earning depth or up to a cap of US\$1.333m (approximately A\$1.8m), whichever occurs first, at which time its costs forward will revert back to the participating interest of 10% (7.45% NRI). Metgasco's share of any future well completion costs, subsequent drilling, or development costs will be at its then earned participating interest of 10%.

The Bivouac Peak project area comprises two prospects, the East Prospect and the Deep Prospect. As reported in Byron's 2017 annual reserve and prospective resources report, the total mapped gross prospective resources for the two combined prospects at Bivouac Peak are estimated at 16.0 million barrels of oil (**Mmbo**) and 177.7 billion cubic feet of gas (**Bcf**), or 45.6 Mmboe*.

Metgasco's farm-in is to the total Bivouac Peak project area.

The initial test well is designed to test the Bivouac Peak East Prospect ("East Prospect"), targeting the regionally productive Miocene Cib Op section, with a mapped gross prospective resource of 11.3 Mmbo and 125.6 Bcf, or a combined 32.2Mmboe.*

Metgasco's net share of the prospective resources for the East Prospect are estimated at 0.84 Mmbo and 9.35 Bcf (2.39 Mboe), net of royalties. Metgasco's net share of the total Bivouac Peak project area prospective resource would be 1.19 Mmbo and 13.2 Bcf (3.39 Mmboe), net of royalties.*

Production timetable in the event of success:

In the event the WA #1 well is successful, completion and development costs to the commencement of production are estimated by the operator to be in the range of US\$9.0 to 11.0 million (gross) (US\$900,000 to \$1.1m net to Metgasco). Should the well be productive, it is currently estimated that production would commence within 8-10 months following drilling of the initial test well.

Metgasco's investment strategy and Bivouac Peak:

Philip Amery, Executive Chairman of Metgasco, commented: "Metgasco's farm-in to the Bivouac Peak project area, as part of our valued relationship with Byron, represents an attractive risk/return opportunity for the Company's shareholders, consistent with the Corporate Strategy update advised on 3 July 2018 (see ASX release 3 July 2018, "*Metgasco Corporate Strategy Update*")."

"Our participation in this somewhat higher risk exploration target is, given our risk management approach, appropriately limited to a modest share of the overall project. However, a success at the WA #1 well, given the size of the target, would be a highly value accretive event for our shareholders."

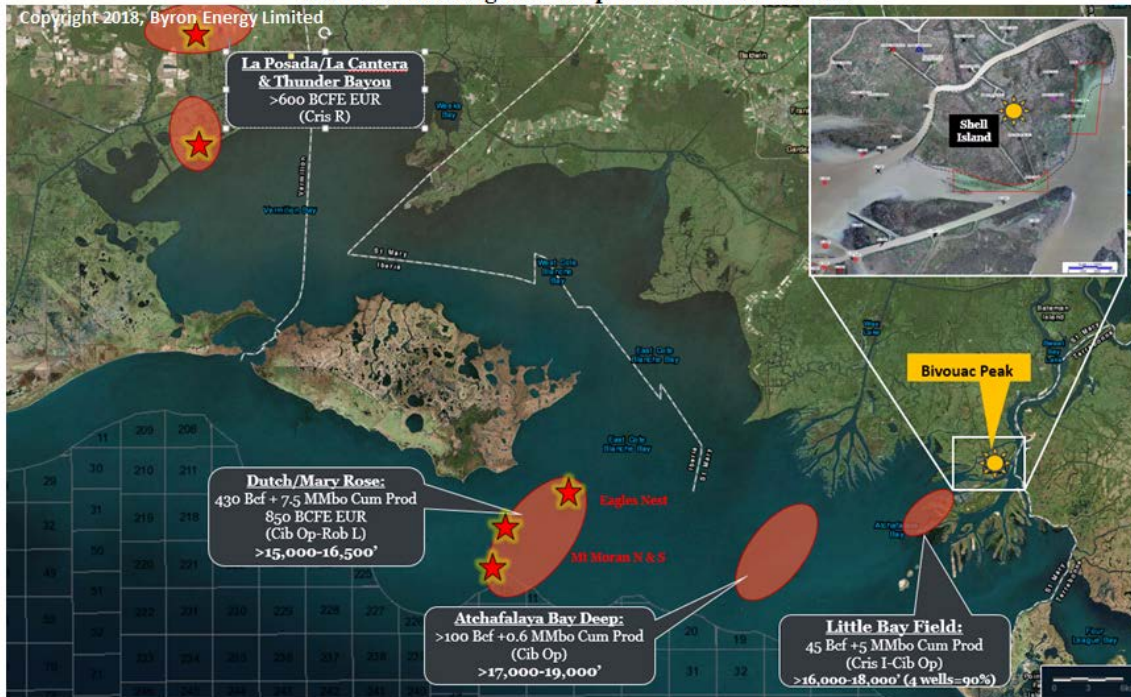
"As shareholders will be aware, independently of Bivouac Peak, Metgasco has also recently farmed into the South Marsh Island 74 salt dome project with Byron (for a more material 30% interest) and remains both a funder to Byron's SM-71 project and a substantial 5.77% shareholder in Byron itself. We're very pleased with the developing relationship between the companies and with the field activity now underway in this part of our business."

"The Board looks forward to providing shareholders with further updates in the coming weeks."

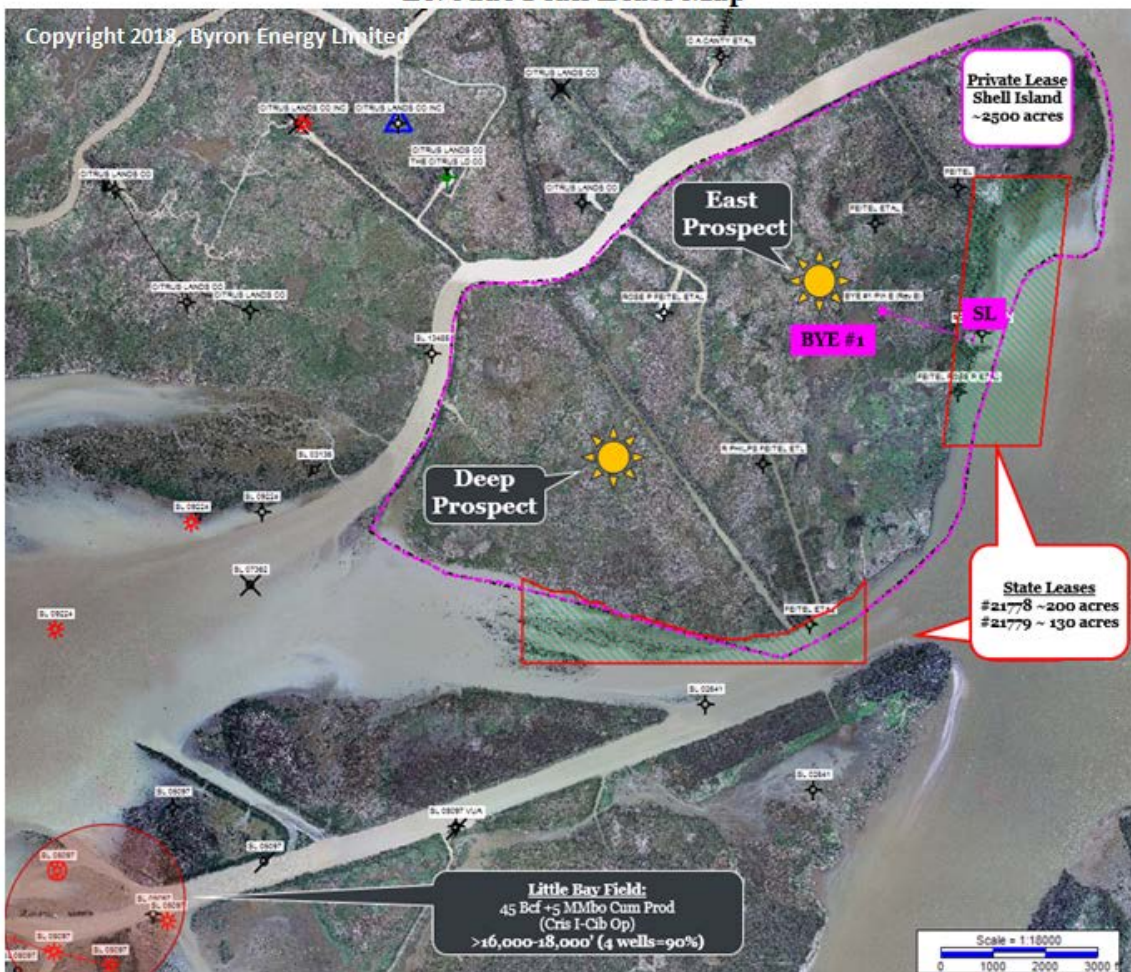


The Parker 77B rig, drilling in South Louisiana. Source: Parker Drilling, Byron Energy.

Bivouac Peak Regional Map - LA Transition Zone



Bivouac Peak Lease Map



Contact and further information:

Metgasco welcomes shareholder communication and invites all interested shareholders to make contact at any time.

The Company will also be presenting at the RIU Good Oil Conference in Perth, Western Australia, on Thursday 13th September and will be represented on both days of the event. Interested shareholders should contact the Company or the conference organisers: www.riuconferences.com.au/conferences/goodoil2018

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For further information contact:

Philip Amery
Executive Chairman
+ 61 402 019180
philip.amery@metgasco.com.au

Metgasco Ltd ACN 088 196 383
Level 12, 680 George Street, Sydney NSW 2060
Tel: +61 2 9923 9100 Fax: +61 2 9959 5387
info@metgasco.com.au
Web: www.metgasco.com.au

*Refer to Cautionary Statement in this release (below) relating to estimates of Prospective Resources; barrels of oil equivalent have been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency.

Prospective Resources – Information in respect of LR 5.25:

Prospective resource estimates in this report for the Bivouac Peak Prospect Area were first reported in the Byron Energy Limited ASX release, *Byron Energy Independent Reserves and Resources*, dated 28 September 2017.

The prospective resource information in this document:-

- is effective as at 30 June, 2017 (Listing Rule (LR) 5.25.1)
- has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2)
- is reported according to the Company's economic interest in the prospective resource net of royalties (LR 5.25.5)
- has been estimated and prepared using the deterministic method (LR 5.25.6)
- has been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7)
- is reported on a best estimate basis (LR 5.28.1).

Cautionary Statement Prospective Resources - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) 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 (LR 5.28.2).

Forward Looking Statements:

This document may contain forward-looking information.

Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording.

Forward-looking information in this document includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of potentially recoverable resources, and information on future production and project start-ups.

By their very nature, the forward-looking statements contained in this document require Metgasco and its management to make assumptions that may not materialise or that may not be accurate. Although Metgasco believes its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.