



ASX / MEDIA RELEASE

ASX Code: MEL

18 July 2019

METGASCO CONCLUDES FINANCIAL EXPOSURE TO SM74 DRILLING PROGRAM AND EXERCISES OPTIONS IN BYRON ENERGY LIMITED

Metgasco Ltd (ASX:MEL, "Metgasco" or "the Company") is pleased to advise that it has reached agreement to conclude its financial exposure to the South Marsh Island 74 ("SM74") drilling program operated by Byron Energy Limited (ASX:BYE) group.

Metgasco farmed into the SM74 prospect by agreeing to fund 40%, as announced on 2 July 2019 (*South Marsh Island 74 D-14 Progress Report*) of drilling costs to earn a 30% interest. As announced on 5 July 2019 (*SM74 Well Plugged and Abandoned*), the SM74 D14 BP1 exploration well was drilled to a total depth of 14,933 ft measured depth ("MD") and failed to identify commercial quantities of hydrocarbons.

Metgasco advises that it has finalised its financial exposure to SM74 drilling program costs on terms which it considers fair and reasonable.

- Metgasco will pay Byron AUD \$1.75 million on or before 30 September 2019 to settle its exposure to additional program costs, on a capped basis (i.e. with no liability to further overruns/weather events).
- Metgasco has agreed with Byron to exercise the 10 million options (exercise price \$0.25) it holds over BYE shares in accordance with its previously advised intention (see announcement 31 May 2019 *Metgasco: Update on Funding Position*). The exercise of these option has now been completed in accordance with the option terms.

Byron has recognised the support and longstanding relationship between the two companies in reaching the settlement outlined above.

Metgasco in turn believes that exercising its option position in Byron is commercially attractive in its own right for Metgasco's shareholders, providing enhanced exposure to Byron's existing production profile and to Byron's significant upcoming SM58 drilling program, which is expected to commence in the coming weeks.

Contact and further information:

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

ENDS

For further information contact:

Philip Amery
Chairman
+ 61 402 019 180
philip.amery@metgasco.com.au

Ken Aitken
CEO
+61 2 9923 9100
ken.aitken@metgasco.com.au

Metgasco Ltd ACN 088 196 383
Level 12, 680 George Street, Sydney NSW 2000
Tel: +61 2 9923 9100 Fax: +61 2 9959 5387
info@metgasco.com.au
www.metgasco.com.au