



ASX / MEDIA RELEASE

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QUARTERLY ACTIVITIES REPORT

QUARTER ENDED 30 JUNE 2016

During the quarter, Metgasco continued its search for new business opportunities in the oil and gas sector. Among other opportunities, the Company undertook detailed reviews of the activities of Byron Energy Limited (**Byron**) (ASX:BYE) which lead to the execution of a binding Heads of Agreement with Byron as announced to the market on 9 June 2016.

Metgasco continued to optimise the returns on its cash and further reduced its costs.

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

Change in Leadership Structure

As advised to the market on 1 June 2016, the CEO and Managing Director, Mr. Peter Henderson after five years of service, retired from his executive role, resigned from the Board and left the Company, effective 1 June 2016.

With the close down of Metgasco's Northern Rivers operations and the focus on identifying new business opportunities, the Company has decided not to seek the appointment of a new Managing Director or CEO. The current Directors, Mr. Alexander Lang, Mr. Terry White and Mr. Philip Amery have agreed to further increase their activities for the Company.

In addition, Metgasco is retaining the industry and geo-science expertise available through its two long term employees in the Company's head office.

Close down of NSW Northern Rivers operation.

The Company's program to shut down its Northern River's operation was finalised during the quarter:

- Metgasco received from the NSW Government, \$311k in relation to bonds associated with the former operations; and
- Settlement proceeds totalling \$295k were received from the sale of the land Metgasco had purchased for a power station and various equipment and materials.

Cost and Capital Management.

Consistent with the disclosure in the Company's Quarterly Activities Report for the Quarter ended 31 March 2016, the Company continues to pay particular attention to costs and capital management whilst retaining its ability to seek new business opportunities.

The cash received from the NSW Government settlement has been deployed in liquid investments which have an appropriate balance of yield and risk.

Cash position

The Company ended the quarter with a cash balance of \$17.742 million with no debt, and liquid investments in bonds and funds of \$10.927 million.

The following is a reconciliation of the Company's cash position from 31 March 2016 to 30 June 2016:

	\$A'000	
Cash at 31 March 2016	<u>18,053</u>	
Sale of Assets and Land	295	
Return of Security Bonds	311	
Net interest received and other income	233	
Share Buy-Back	(551)	On-market purchase of 9,337,430 shares
Closing down of Northern Rivers program	(48)	
Overhead and administrative	<u>(551)</u>	Includes Managing Director redundancy
Cash at 30 June 2016	<u>17,742</u>	

The Company's cash backing as at 30 June 2016 was \$0.0715 per share. This compares with the equivalent cash backing reported as at 31 March 2016 of \$0.070 per share.

New Business

During the quarter, Metgasco has reviewed a significant number of opportunities in the Oil & Gas sector. In line with the Company's strategy, each opportunity has been reviewed for its potential to deliver short term reliable returns, long term growth opportunities and an appropriate risk / reward balance.

Following a rigorous review process, the Company has, as announced to the market on 9 June 2016, reached binding Heads of Agreement with Byron Energy Limited in relation to the provision of secured development funding and the acquisition of staged investment rights. The structure of the arrangement provides for strong short term returns on the cash deployed, very attractive medium term farm-in rights as well as long term opportunities to participate in future successes of Byron.

Shareholder base

At 30 June 2016, Metgasco had 401,108,520 million shares on issue and 2,791 shareholders. Its top 20 holders held 155,666,873 shares or 38.81% of the Company's issued capital.

Certified Reserves / Resources

The company has no certified reserves or resources at present.

Permits Listing

The Company has neither farmed into any new permits nor farmed-out any of its permits during the quarter. It has no permits at present.

Outlook – work program for next quarter

The prime focus for the Company in the next quarter is to identify and secure further new business opportunities in the oil and gas sector as well as continue and complete the review of those opportunities already identified.

At the same time, the Company will complete the formal documentation of the agreement with Byron, review the existing farm-in rights and review further opportunities arising through the relationship with Byron.

ENDS

Background on Metgasco

www.metgasco.com.au

Until end 2015, Metgasco had a 100% interest in PEL 16, 13 and 426 in the Clarence Moreton Basin in NSW where it operated the largest acreage position in the basin, exploring for conventional and unconventional gas. It had 2C gas resources of 4,428 Petajoules. At end 2015, Metgasco agreed to withdraw from NSW operations and court action against NSW Government in return for \$25 million. It is now seeking new business opportunities in the oil and gas sector and has set itself a target of securing the first phase of its new business activities by mid-2016.

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