

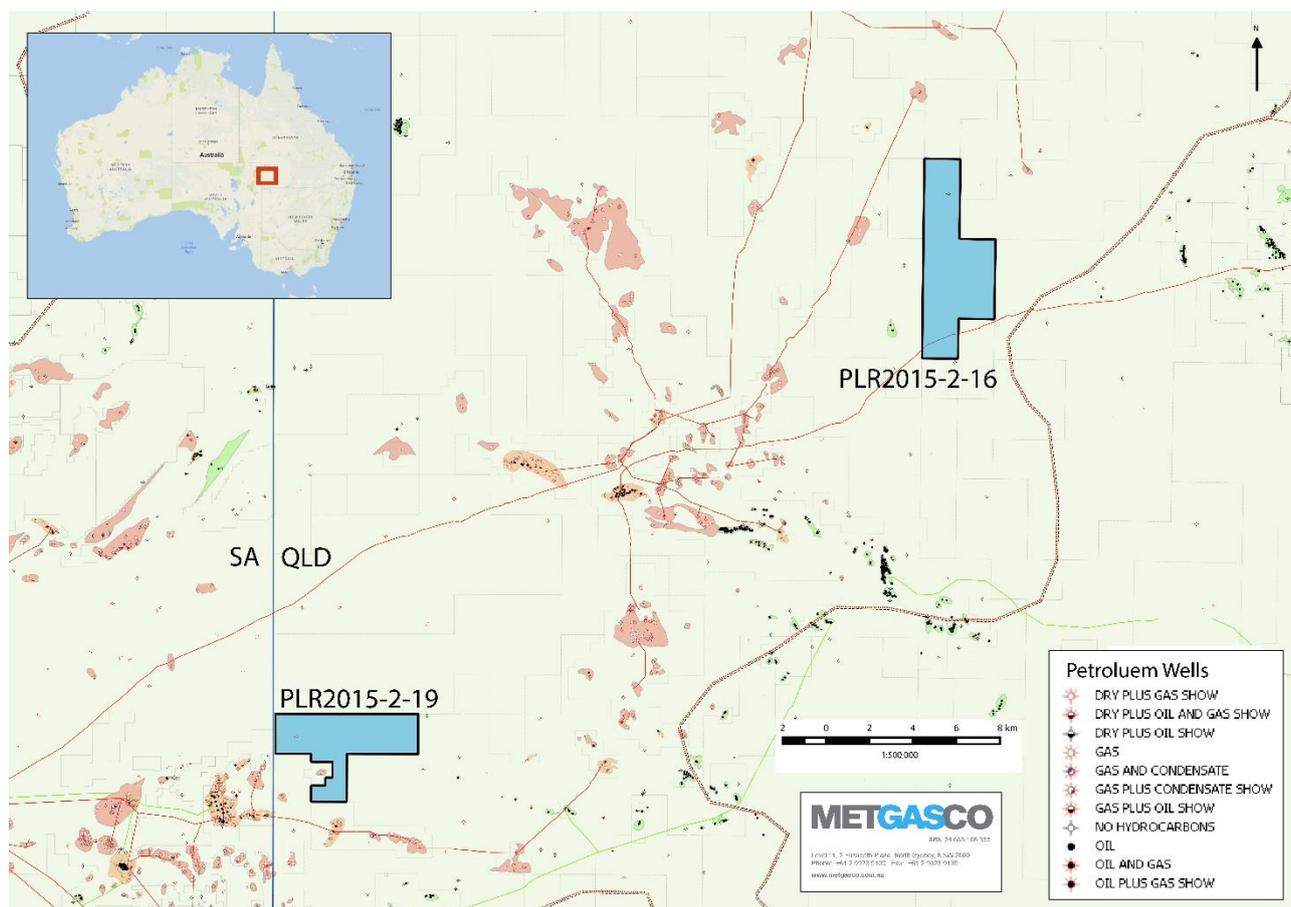
ASX / MEDIA RELEASE

ASX Code: MEL

22 December 2016

Competitive Tender PLR2015-2 Cooper and Eromanga Basins Acceptance of Offer of Preferred Tenderer

The directors of Metgasco Limited (**Metgasco** or the **Company**) are pleased to advise that the Company has been successful in its bid for tender areas PLR 2015-5-16 and PLR 2015-5-19 which were recently offered under competitive tender by the Queensland Government in the highly prospective Cooper/Eromanga Basins. The location of these areas is set out below:



Metgasco has identified attractive plays primarily targeting the conventional Toolache Permian gas reservoir and Jurassic oil reservoirs. In addition, both blocks have the potential for unconventional gas plays in tight and reservoirs of variable quality such as the Patchawarra sands.

Tender area PLR 2015-5-19 covers an area of approximately 370km² and is located in the southern Cooper Basin, adjacent to the South Australian (SA) border. Right across the state boundary there are numerous Permian gas fields, with both structural and stratigraphic traps.

Drilling density on the Queensland side is much lower, although this prolific SA trend extends into tender area PLR 2015-5-19.

Tender area PLR 2015-5-16 has an area of 530km² and is located in the south-east Cooper Basin about 65 km southwest of the town of Eromanga. The block occupies the central and southern parts of a prominent north-south regional high feature that includes the Mt Howitt, Wareena, Kercumurra and Hooley high structures.

Metgasco's move into the Cooper Basin secures high quality exploration opportunities proximal to delivery infrastructure in mature producing basins. The permits will be granted after Native Title agreements and other environmental approvals are finalised.

Metgasco has engaged expert consultants to assist in timely and effective engagement with the Wongkumara community as well as with the application for an Environmental Authority licence. The Company is currently forecasting expenditure of around \$300k over the coming 12-18 months to manage the above processes and progress the awarded Queensland tender areas into Authority to Prospect (ATP) grants.

Metgasco's Executive Chairman, Alexander Lang said: "We are very excited that Metgasco has been awarded what we consider to be two of the best blocks out of the 20 blocks in the 2015 release of acreage by the Queensland Government.

I am very pleased that we are closing the year on a positive note. In the past six months, we have been able to enter into a convertible note arrangement with Byron Energy Limited (ASX: BYE) that provides strong short term returns; we have farmed into Bivouac Peak, a potentially value transformative opportunity in Louisiana, and have now been awarded two prospects in one of the best performing basins in Australia. This award provides Metgasco with long term exploration upside of significant relevance given rising concerns about supply certainty in the Australian east coast gas market.

Metgasco remains well funded following a recent capital return to our loyal shareholders and continues to evaluate a number of attractive opportunities consistent with the Company's previously announced strategic objectives. The Board is very optimistic about Metgasco's prospects in 2017 and beyond".

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, 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 Littoral Louisiana hydrocarbon project with an initial H1 2017 well testing a Gross prospective resource of 32,270 Mboe. The Company has been recently awarded PLR 2015-5-16 and PLR 2015-5-19 in the QLD Cooper/Eromanga basins by competitive tender. Metgasco holds cash of approximately A\$18m following a Capital Return of 2.5c/share to Shareholders in November 2016.

For further information contact:

Alexander Lang
Executive Chairman
info@metgasco.com.au

Metgasco Limited ACN 088 196 383
Level 3, 2 Elizabeth Plaza, North Sydney, NSW 2060
Tel: +61 2 9923 9100 Fax: +61 2 9959 5387
Web: www.metgasco.com.au