



ASX / MEDIA RELEASE

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QUARTERLY ACTIVITIES REPORT

PERIOD ENDED 31 MARCH 2017

SUMMARY

- ✓ Full drawdown by Byron Energy Limited (ASX:BYE) of the Metgasco Funding Facility and A\$8.0m Convertible Note issued to Metgasco in January 2017.
- ✓ EA granted for ATP 2020 and for ATP 2021
- ✓ Byron continued to evaluate opportunities in the Oil & Gas sector that it considers provide robust potential returns for Metgasco shareholders

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

Queensland exploration blocks

Environmental Authorities were granted for ATP 2020 and ATP 2021 by the Queensland Department of Environment and Heritage Protection. Metgasco is progressing through the Native Title notification process and Authorities to Prospect will be granted after Native Title agreements are finalised. Metgasco continues to advance its technical knowledge of these two blocks, which it considers to be highly prospective.

Cash position

The Company ended the quarter with a cash balance of \$10.2 million and with no debt.

Byron Energy Limited (ASX:BYE) fully drew down on the Metgasco Funding Facility on 20 January 2017 and issued Metgasco with an A\$8.0m Convertible Note (A\$7.8m cash drawn net of an A\$200,000 establishment fee retained by Metgasco).

The Convertible Note is secured by a General Deed of Security and Priority (over Byron's assets), a Negative Pledge from Byron and a registered interest over Byron's share of SM 70 and 71 leases. For further details of the terms of the Deed, please refer to Metgasco's ASX release dated 22 July 2016.

The following is a reconciliation of the Company's cash position from 31 December 2016 to 31 March 2017:

	\$A'000
Cash at 31 December 2016	<u>18,134</u>
Net interest and investment income	357
Exploration and evaluation expenditure	(11)
Byron Energy drawdown	(8,000)
Overhead and administrative	<u>(233)</u>
Cash at 31 March 2017	<u>10,247</u>

The Company's cash backing as at 31 March 2017 was \$0.0257 per share. This compares with the equivalent cash backing reported as at 31 December 2016 of \$0.0455 per share. Shareholders should note that Metgasco's Funding Facility to Byron Energy with a face value of A\$8m is accounted for as a receivable and is excluded from the above calculation. Metgasco Cash and Receivables therefore total \$18,247,000.

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. No new executive staff have been retained. Metgasco has utilised contractors 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.

New business

During the quarter, Metgasco continued with its strategy of reviewing a number of opportunities in the Oil & Gas sector and each opportunity has been reviewed for its potential to deliver short term reliable returns, long term growth opportunities and an appropriate risk / reward balance. The Board remains confident of closing a favourable transaction although the timing of this is unable to be provided definitively as commercial-in-confidence negotiations continue.

Shareholder base

At 31 March 2017, Metgasco had 398,464,823 shares on issue and 2,673 shareholders. Its top 20 holders held 194,180,739 shares or 48.73% of the Company's issued capital.

Certified Reserves / Resources

The company has no certified reserves or resources at present.

Tenements / Farm-in Opportunities

As notified to the ASX in July 2016, the Company elected to exercise its option to farm-in to Byron Energy Limited's (**Byron**) (ASX:BYE) Bivouac Peak Littoral Louisiana oil & gas project. In September 2016, the Company announced that it had executed the Bivouac Peak Participation Agreement, which formalised the Company's position in the project. As at 31 March 2017, the Company holds a 10% working interest (7.45% Net Revenue Interest) in the Bivouac Peak project which is expected to cost approx. US\$1.3m (A\$1.8m on current exchange rates). Metgasco has been advised by the Operator, Byron Energy Limited, that approval processes are ongoing. Drilling is planned to commence no earlier than Q4 of 2017.

Outlook - work program for next quarter

The prime focus for the Company in the next quarter is to successfully conclude its New Business priorities as discussed above.

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 well testing a Gross prospective resource of 32,270 Mboe. Metgasco also holds cash of approx. A\$10m.

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