



Annual General Meeting

Thursday, 9 November 2017

Chairman's Address to Shareholders

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Organisational Structure & Administration

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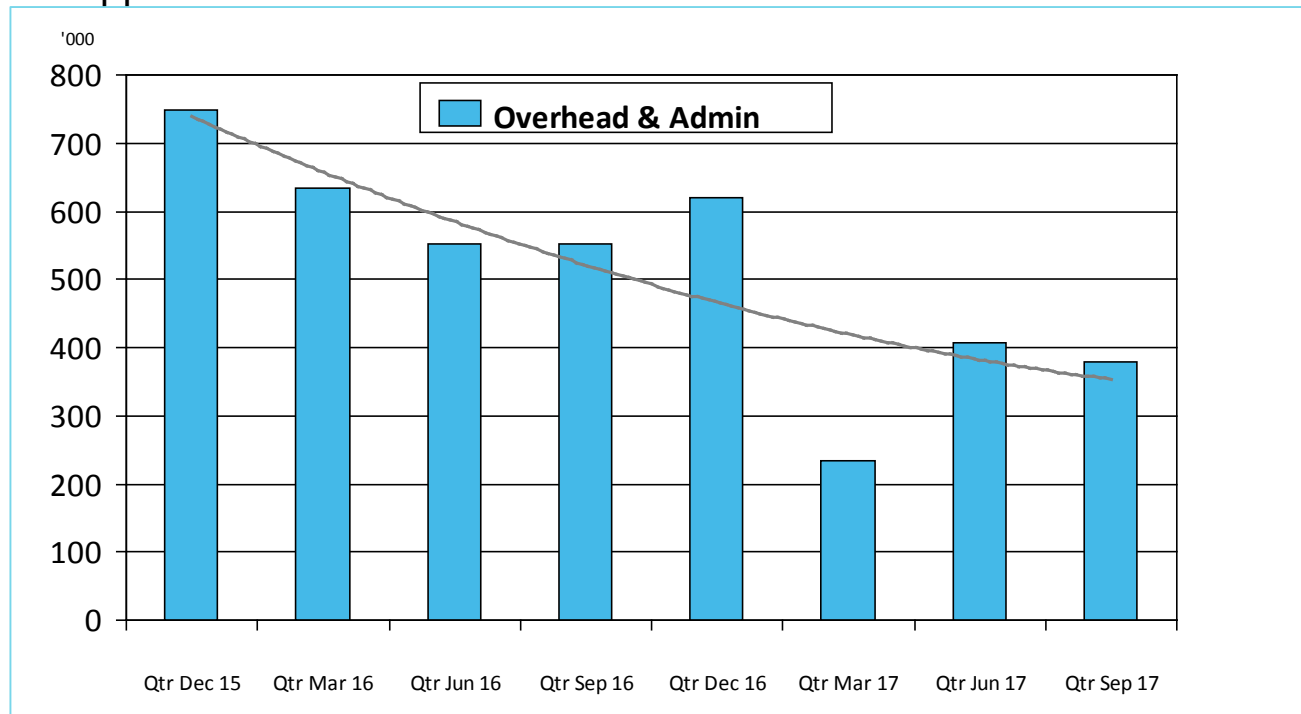
➤ The Team

- **Alexander Lang**, Executive Chairman, joined Feb 2016;
- **Philip Amery**, Non-Executive Director, joined Dec 2015;
- **John Patton**, Non-Executive Director, nominated by Keybridge Capital, joined Sep 2016;
- **Andrew Purcell**, Non-Executive Director, nominated by M&A Advisory, joined Sep 2016;
- **Terry White**, Non-Executive Director, retired July 2017;
- **Maximilian Milz**, Geophysicist, joined 2011;
- **Carolina Samuel**, Executive Assistant, joined 2014.

Organisational Structure & Administration - continued

➤ Cost Management

- Cost management efforts over the past two years led to significant savings on overhead and admin expenses;
- Overhead and admin costs reduced by 50% while level of activity increased;
- Overhead and admin costs running at an average monthly cost of \$105k, in line with budget;
- Cost reductions have been pushed as far as possible while retaining the ability to pursue business opportunities.



Capital Management

Capital Management

➤ Capital Return

- Following the approval by shareholders on 12 September 2016 and the subsequent ATO class ruling, the capital return to shareholders of \$0.025 per share was completed on 16 November 2016;
- A total of \$9,961,649 was returned to shareholders.

Capital Management

➤ Cash and Investments

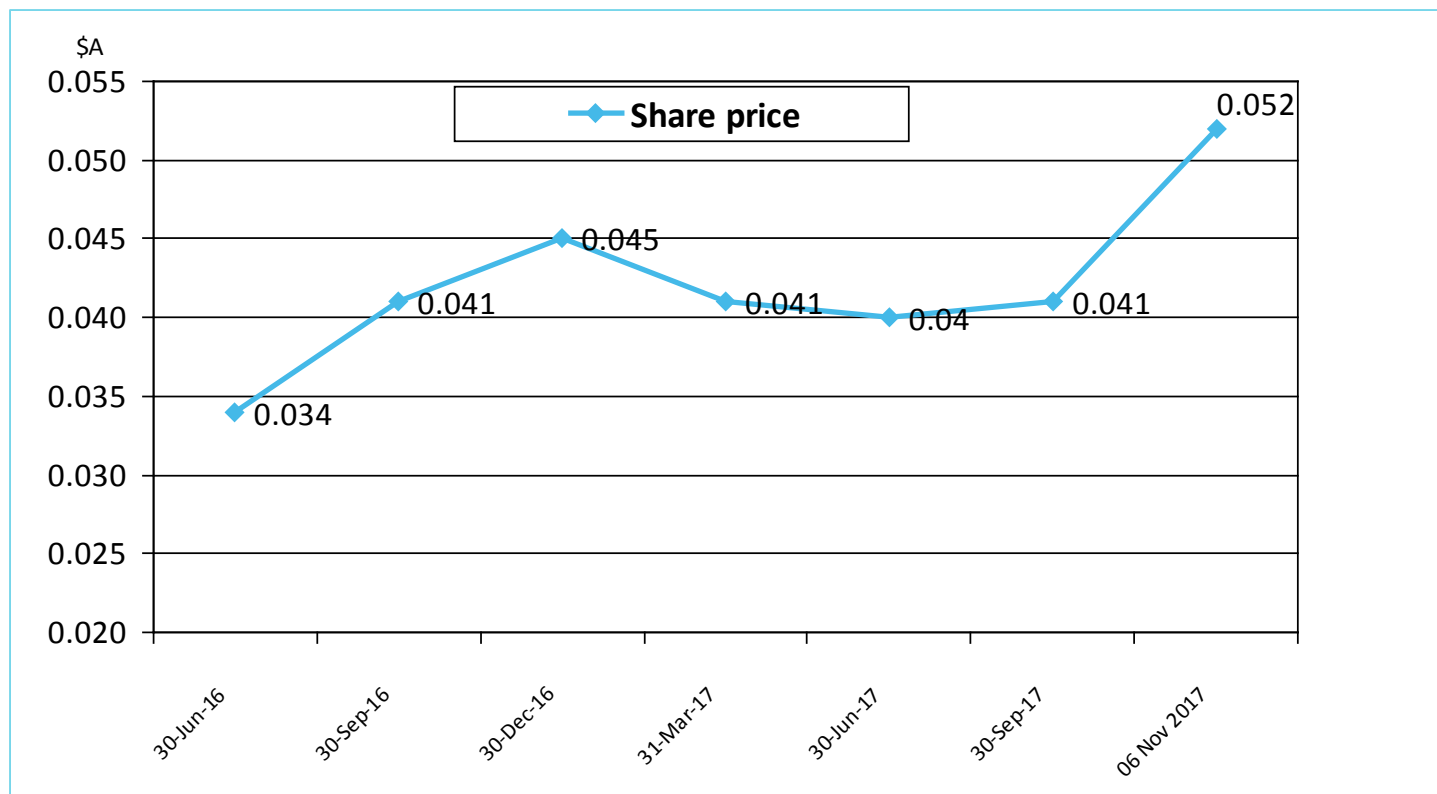
As of 30 September 2017 the company held:

- A cash balance of \$6.9m
- 37,897,000 shares in BYE (acquired at \$0.07) with a market value of \$3,638,112 (as at 29 Sep market value \$0.096 per share);
- Secured receivable from BYE of \$8m.

Share Price Performance

Share Price Performance

- In FY 2016/17 our shares have appreciated by ~18%;
- Since 30 June our share price has improved by another ~30%;
- A total increase of ~53% in the past 16 months. (all numbers to 6th November this year)



Share Price Performance

➤ Shareholder Returns

- Total shareholder return for period 1 July 2016 to 6th November this year, adjusted for the capital return in November 2016, has been ~43% (source: Bloomberg)



Share Price Performance

➤ Shareholder Returns since disposal of prior assets

- Total shareholder return since receipt of settlement with the NSW Government in December 2015 to 6th November this year, adjusted for the capital return in November 2016, has been ~52% (source: Bloomberg)



Current Business

Current Business

➤ Multi-Level Engagement in Byron Energy (BYE)

▪ **Convertible Note**

- Loan facility was fully drawn (\$8m) by BYE in January 2017;
- BYE making all interest and repayment instalments as and when they are due;
- First repayment instalment of \$1m was received in October 2017;
- To date the facility has earned Metgasco \$1,155,658 in fees and interest.

▪ **Farm-in Bivouac Peak**

- Exercised farm-in for a 10% working interest into BYE Bivouac Peak (Louisiana, USA)
 - ✓ Currently working through required permits
 - ✓ Expected to be drilled in second half of 2018.

▪ **Farm-in Option**

- We hold an additional farm-in option into another BYE project in the Gulf of Mexico.

▪ **Share Options**

- We have been issued 10 million unlisted options in BYE (\$0.25 on 3 year term)

Current Business (continued)

➤ Multi-Level Engagement in Byron Energy (BYE)

▪ Equity Investment

- MEL exercised its priority right and subscribed to 37,897,000 BYE shares on 14 August 2017 at a price of \$0.07 for a total investment of \$2,652,790;
- MEL is now a substantial shareholder in BYE with a 5.77% interest;
- Value of equity in BYE as at 6 November \$5,495,065 (\$0.145/share), a gain of \$2,842,275 or 107%.

Current Business (continued)

➤ Senex Frey-1 Well Farm-In

- In late September Metgasco joined Senex Energy and Cooper Energy via a farm-in investment into the Frey-1 area in South Australia;
- Metgasco was responsible for paying 30% of the drilling cost in exchange for a 20% working interest;
- Target depth was reached but a lack of significant hydrocarbons shows resulted in the plugging and abandonment of the well;
- Other farm in opportunities with Senex Energy in the Cooper basin are being evaluated.

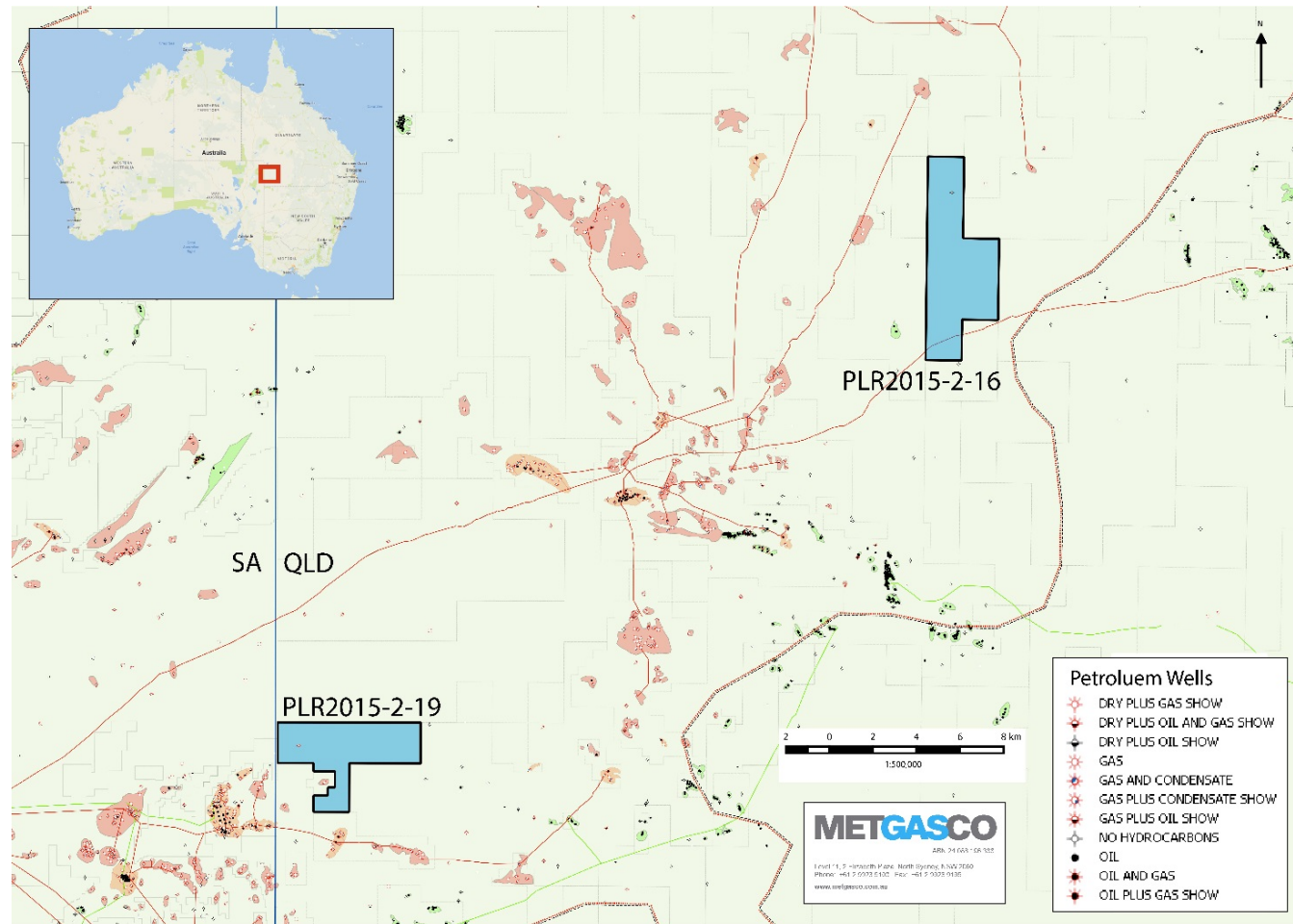
Current Business (continued)

➤ Cooper Basin Blocks

- In December 2016 Metgasco succeeded in its bid for tender areas PLR 2015-5-16 (370km²) and PLR 2015-5-19 (530km²) in the Cooper-Eromanga Basin;
- High quality exploration opportunities proximal to delivery infrastructure in mature producing basins;
- Primary targets:
 - ✓ Conventional Toolachee Permian gas reservoir; and
 - ✓ Jurassic oil reservoirs.
- Potential for unconventional gas.

Current Business (continued)

➤ Cooper Basin Blocks



Current Business (continued)

➤ Cooper Basin Blocks – Development Status

- Environmental Authorities were granted by the Queensland Department of Environment and Heritage Protection;
- Native Title negotiation with traditional land owners (Wongkumarra People) are well advanced. Expect to close agreement in the very near future;
- Authorities to Prospect will be granted after Native Title agreements are finalised;
- Metgasco technical team has completed detailed analysis of available seismic data and identified key areas;
- Next steps involve geological reviews to mature leads, including re-processing of seismic data followed by the design of a 3D seismic acquisition program.

New Business Opportunities & Strategy

New Business Opportunities & Strategy

➤ Ongoing Review of New Opportunities

- Intense focus on search for opportunities in oil & gas sector
- Opportunities undergo a structured process of:
 - Identification;
 - Initial assessment;
 - Development of commercial model;
 - Due diligence; and
 - Negotiation.
- Over the past 12 months a select number of opportunities have made it to the final stages of due diligence and negotiations.
- A favourable outcome for Metgasco couldn't always be reached.

New Business Opportunities & Strategy (continued)

➤ We remain flexible in the nature of opportunities we consider

- **Regional spread**

- Australia;
- Overseas (US, SEA, Europe).

- **Potential opportunities include:**

- Transactions on a corporate level;
- Transactions on an asset/project level;
- Financial instruments.
 - ✓ Financial instruments are predominantly seen as entry point to long term partnerships with a view to gaining exposure to partner's business, projects or assets.

New Business Opportunities & Strategy (continued)

➤ Strategy

Metgasco will continue to pursue its strategy to:

- **build a diversified portfolio within the Oil & Gas sector;**
- **seek short and medium term healthy cash flows;**
- and**
- **long term exploration upside;**

in order to grow sustainable shareholder value.

Thank You

Questions?