



**METGASCO LTD  
AND THE ENTITY IT CONTROLLED  
ACN 088 196 383**

**CONSOLIDATED FINANCIAL REPORT  
HALF YEAR ENDED  
31 DECEMBER 2017**

<b>CONTENTS</b>		<b>Page</b>
1.	Review of Activities	3
2.	Directors' Report	4
3.	Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
4.	Consolidated Statement of Financial Position	9
5.	Consolidated Statement of Cash Flows	10
6.	Consolidated Statement of Changes in Equity	11
7.	Notes to the Consolidated Financial Statements	12
8.	Declaration by Directors	19
9.	Independent Auditor's Review Report	20
10.	Corporate Directory	22

## 1. REVIEW OF ACTIVITIES

The following is an overview of the Company's activities during the half year ended 31 December 2017.

In regard to the Cooper/Eromanga basin exploration blocks, offered under a competitive tender by the Queensland Government in late 2016, Metgasco progressed through the Native Title negotiation process with the traditional land owners, the Wongkumara people. These agreements concluded successfully in January 2018 and the Company has applied for the respective Authorities to Prospect. Metgasco continued to advance its technical knowledge of these two blocks, which the company considers highly prospective, with assistance from specialised consultants.

Pursuant to the Company's Convertible Note Deed with Byron Energy Limited, the Board elected to exercise its priority rights and in September 2017, took a 10% participation via a subscription of A\$2,652,790 for 37,897,000 Byron Energy securities, at an issue price of A\$0.07. It has seen the Company become a substantial shareholder of Byron, holding a 5.77% interest. At 31 December 2017, Metgasco's securities in Byron Energy had a market value of A\$10,232,190.

Permitted work for the Byron Bivouac Peak project in Louisiana, USA, in which the Company holds a 10% working interest, continued to be progressed by Byron Energy, who has advised an expected drilling date in the second half of 2018.

In accordance with the terms of the Convertible Note Deed, the Company received the first repayment instalment of A\$1.0 million from Byron Energy in October 2017 in relation to the initial A\$8.0 million loan facility, and the second repayment instalment of A\$1.0 million was received on 22 January 2018. The third quarterly repayment instalment of A\$1.0 million is due on 22 April 2018.

During the period, the Company concluded an arrangement with Senex Energy Ltd and Cooper Energy Ltd via a farm-in investment into the Frey-1 Area for a 20% working interest. Metgasco was responsible for paying 30% of the costs associated with the drilling, which totalled A\$684,400. Given the lack of significant hydrocarbons shown upon reaching the target depth, it was decided to plug and abandon the well. Following further analysis of the area the joint venture participants elected to maintain an interest in the prospective eastern portion of the Frey-1 area. This area has been retained as PRL 237 at minimal cost. PRL 237 is adjacent to the producing Padulla field and infrastructure.

The Company 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.

## 2. DIRECTORS' REPORT

Your Directors present their report together with the consolidated financial statements of Metgasco Ltd ("Metgasco" or "Company") and its controlled entities (Collectively referred to as "the Group") for the half year ended 31 December 2017.

### Directors

The names of persons who were Directors of Metgasco at any time during the half year and up to the date of this report are as follows:

Mr Alexander Lang - Executive Chairman

Mr Philip Amery - Non-Executive Director

Mr Terry White - Non-Executive Director (Resigned 1 August 2017)

Mr John Patton - Non-Executive Director

Mr Andrew Purcell - Non-Executive Director

Mr Robbert Willink - Non-Executive Director (Appointed 5 February 2018)

### Principal Activities

Metgasco's principal activity is investment in the exploration, appraisal, development and commercialisation of oil and gas assets. The Group is now seeking additional investment opportunities.

### Review of Operations

Information related to the operational performance of the Group is provided on pages 3 to 5 of this Half Year Report.

### Financial Results

The operating profit for the period was \$831,749. The Group also recognised an unrealised gain from its investment in Byron Energy's Limited shares of \$7.579 million recognised as part of Other Comprehensive Income.

The Group ended the period with a cash balance of \$5.842 million and no debt. The cash balances are held as cash at bank and term deposits. Other financial assets of the Company are detailed in the Consolidated Statement of Financial Position (Page 9) and the accompanying notes.

### Likely Developments

The Company continues to seek new exploration, development and production opportunities and, subject to opportunities being suitably attractive, plans to commit to new opportunities within the first half of 2018.

## **Significant Events Subsequent to 31 December 2017**

There have been no significant events after the reporting date other than the following:

### **Appointment of Independent Non-Executive Director**

On the 2nd February the Company advised the ASX that it had appointed Dr. Robbert Willink to the Board of Metgasco as independent Non-Executive Director, effective 5 February 2018.

### **Final Execution of Native Title Agreements**

On the 8th February the Company advised the ASX that it has reached agreement with the Wongkumara people regarding access and use of the land comprising the area covered by ATP-2020 and ATP-2021 in the Cooper Basin in south west Queensland. Both parties have agreed mutually acceptable terms which provide the traditional landowners with significant long-term benefits through the successful commercialisation of any hydrocarbon assets in the land, while providing Metgasco with limited up front expenditure and certainty of costs for the development of the resources. Final execution of the Native Title Agreements was completed on Tuesday, 6 February 2018.

### **Shareholder Meeting**

As advised on the ASX on 2 February 2018 a meeting of shareholders has been called to deal with the two Section 203D Notices received by the Company. A Notice of Meeting will be issued shortly.

## **Auditor's Independence Declaration**

A copy of the independence declaration by the lead auditor under Section 307C is included on page 7 to this Half Year Report.

Signed in accordance with a resolution of the Directors.

Dated at Sydney on 8 March 2018.

A handwritten signature in blue ink, appearing to read 'J. Alex Lang', written in a cursive style.

Alexander Lang  
Executive Chairman

Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445  
E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## Auditor's Independence Declaration to the Directors of Metgasco Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Metgasco Limited for the half-year ended 31 December 2017. I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



**Grant Thornton Audit Pty Ltd**

Chartered Accountants



N P Smietana  
Partner – Audit & Assurance

Sydney, 8 March 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

### 3. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

		Consolidated Entity Half Year	
	Note	31 December 2017	31 December 2016
		\$	\$
Other income	4	1,096,586	477,519
Fair value movement derivative asset	7	1,069,578	-
Employment expenses		(154,964)	(200,108)
Professional fees		(68,920)	(270,929)
Impairment of capitalised exploration	2	(684,400)	-
Administration expenses		(426,131)	(430,338)
		<hr/>	<hr/>
<b>Profit / (loss) before income tax expense</b>		<b>831,749</b>	<b>(423,856)</b>
Income tax expense		-	-
<b>Net Profit / (loss) after tax from continuing operations</b>		<b>831,749</b>	<b>(423,856)</b>
		<hr/>	<hr/>
<b>Other comprehensive income</b>			
Gain on fair value of listed securities	5	7,579,400	-
<b>Total comprehensive income for the half year</b>		<b>8,411,149</b>	<b>(423,856)</b>
		<hr/>	<hr/>
Earnings per share attributable to ordinary equity holders of Metgasco Ltd			
		\$	\$
Basic profit / (loss) per share		0.002	(0.001)
Diluted profit / (loss) per share		0.002	(0.001)

*The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.*

## 4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

		Consolidated Entity	
	Note	31 December 2017 \$	30 June 2017 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,842,004	10,197,415
Short term investments	5	2,155,748	-
Trade and other receivables		192,654	96,891
Secured convertible note – amortised cost	6	3,726,692	2,757,234
<b>Total current assets</b>		<b>11,917,098</b>	<b>13,051,540</b>
<b>Non-current assets</b>			
Exploration and evaluation expenditure		180,453	121,477
Plant and equipment		2,503	2,503
Other receivables		24,000	24,000
Secured convertible note – amortised cost	6	2,838,450	4,432,765
Financial derivative asset	7	1,336,978	267,400
Long term investments	5	10,232,190	-
<b>Total non-current assets</b>		<b>14,614,574</b>	<b>4,848,145</b>
<b>Total assets</b>		<b>26,531,672</b>	<b>17,899,685</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		386,453	166,889
<b>Total current liabilities</b>		<b>386,453</b>	<b>166,889</b>
<b>Non-current liabilities</b>			
Provisions		11,153	9,879
<b>Total non-current liabilities</b>		<b>11,153</b>	<b>9,879</b>
<b>Total liabilities</b>		<b>397,606</b>	<b>176,768</b>
<b>Net assets</b>		<b>26,134,066</b>	<b>17,722,917</b>
<b>Equity</b>			
Contributed equity		111,562,703	111,562,703
Available for sale reserve		7,579,400	-
Accumulated losses		(93,008,037)	(93,839,786)
<b>Total equity</b>		<b>26,134,066</b>	<b>17,722,917</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Consolidated Entity Half Year	
	31 December 2017	31 December 2016
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(661,540)	(1,169,664)
Other income	95,641	197,300
Interest received	614,511	553,283
	<hr/>	<hr/>
<b>Net cash inflow / (outflow) from operating activities</b>	<b>48,612</b>	<b>(419,081)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditure on exploration, evaluation and decommissioning	(572,576)	(109,908)
Redemption and sale of short term investments	-	10,907,399
Purchase of listed investments	(4,831,447)	-
Repayment of convertible note facility	1,000,000	-
Security bond movement	-	(24,000)
	<hr/>	<hr/>
<b>Net cash (outflow) / inflow from investing activities</b>	<b>(4,404,023)</b>	<b>10,773,491</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Return of capital	-	(9,961,649)
	<hr/>	<hr/>
<b>Net cash (outflow) from financing activities</b>	<b>-</b>	<b>(9,961,649)</b>
	<hr/>	<hr/>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>	<b>(4,355,411)</b>	<b>392,761</b>
Net cash at beginning of period	10,197,415	17,741,979
	<hr/>	<hr/>
<b>NET CASH AT END OF PERIOD</b>	<b>5,842,004</b>	<b>18,134,740</b>
	<hr/>	<hr/>

*The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## 6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	<i>Contributed Equity</i>	<i>Accumulated Losses</i>	<i>Available for Sale Reserve</i>	<i>Share Option Reserve</i>	<i>Total Equity</i>
	\$	\$	\$	\$	\$
<b>At 1 July 2016</b>	<b>121,524,352</b>	<b>(92,793,619)</b>	-	<b>8,652</b>	<b>28,739,385</b>
Loss for the period	-	(423,856)	-	-	(423,856)
<b>Transactions with owners in their capacity as owners</b>					
Share based payment expense	-	8,652	-	(8,652)	-
Return of capital	(9,961,649)	-	-	-	(9,961,649)
<b>At 31 December 2016</b>	<b>111,562,703</b>	<b>(93,208,823)</b>	-	-	<b>18,353,880</b>
Loss for the period	-	(630,963)	-	-	(630,963)
<b>At 30 June 2017</b>	<b>111,562,703</b>	<b>(93,839,786)</b>	-	-	<b>17,722,917</b>
Profit for the period	-	831,749	-	-	831,749
Other comprehensive income	-	-	7,579,400	-	7,579,400
<b>At 31 December 2017</b>	<b>111,562,703</b>	<b>(93,008,037)</b>	<b>7,579,400</b>	-	<b>26,134,066</b>

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

## 7. NOTES TO THE FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2017

#### **Note 1. Summary of Significant Accounting Policies**

These condensed interim financial statements of Metgasco Ltd (“Metgasco” or “Company”) and its controlled entities (Collectively referred to as “the Group”) for the half year reporting period ended 31 December 2017 have been prepared in accordance with AASB134 “Interim Financial Reporting” and the Corporations Act 2001. They are presented in Australian Dollars (\$) which is the functional currency of the parent company. The historical cost basis has been used.

These interim financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by Metgasco during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half year financial statements as those employed in the Group’s annual financial statements for the year ended 30 June 2017.

The judgements, estimates and assumptions applied in the interim financial statements including the key sources of estimation uncertainty were the same as those applied in the Group’s last annual financial statements for the year ended 30 June 2017.

The interim Financial Statements have been approved and authorised by the board of directors on 8 March 2018.

#### **Note 2. Significant Events and transactions**

In regard to the Cooper/Eromanga basin exploration blocks, offered under a competitive tender by the Queensland Government in late 2016, Metgasco progressed through the Native Title negotiation process with the traditional land owners, the Wongkumara people. These agreements concluded successfully in January 2018 and the Company has applied for the respective Authorities to Prospect. Metgasco continued to advance its technical knowledge of these two blocks, which the company considers highly prospective, with assistance from specialised consultants.

Pursuant to the Company’s Convertible Note Deed with Byron Energy Limited, the Board elected to exercise its priority rights and in September 2017, took a 10% participation via a subscription of A\$2,652,790 for 37,897,000 Byron Energy securities, at an issue price of A\$0.07. It has seen the Company become a substantial shareholder of Byron, holding a 5.77% interest. At 31 December 2017, Metgasco’s securities in Byron Energy had a market value of A\$10,232,190.

Permitted work for the Byron Bivouac Peak project in Louisiana, USA, in which the Company holds a 10% working interest, continued to be progressed by Byron Energy, who has advised an expected drilling date in the second half of 2018.

In accordance with the terms of the Convertible Note Deed, the Company received the first repayment instalment of A\$1.0 million from Byron Energy in October 2017 in relation to the initial A\$8.0 million loan facility, and the second repayment instalment of A\$1.0 million was received on 22 January 2018. The third quarterly repayment instalment of A\$1.0 million is due on 22 April 2018.

During the period, the Company concluded an arrangement with Senex Energy Ltd and Cooper Energy Ltd via a farm-in investment into the Frey-1 Area for a 20% working interest. Metgasco was responsible for paying 30% of the costs associated with the drilling, which totalled A\$684,400. Given the lack of significant hydrocarbons shown upon reaching the target depth, it was decided to plug and abandon the well. Following further analysis of the area the joint venture participants elected to maintain an interest in the prospective eastern portion of the Frey-1 area. This area has been retained as PRL 237 at minimal cost. PRL 237 is adjacent to the producing Padulla field and infrastructure.

The Company 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.

### **Note 3. Segment Information**

The operations of the Group were conducted wholly within Australia.

The group has adopted AASB 8 *Operating Segments* from 1 July 2009 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the executive management team that makes strategic decisions.

The Company is operated under one business segment which is investment in the exploration, appraisal, development and commercialisation of oil and gas assets.

#### Note 4. Other Income

Other Income is comprised of:

	31 December 2017 \$	31 December 2016 \$
Interest income	602,130	280,219
Other income	494,456	197,300
	<u>1,096,586</u>	<u>477,519</u>

#### Note 5. Investments

	31 December 2017 \$	30 June 2017 \$
<b>Investment in listed securities (non-current)</b>		
Opening balance	-	-
Acquired during the period	2,652,790	-
Movement in fair value	7,579,400	-
	<u>10,232,190</u>	-
<b>Investment in traded bonds (current)</b>		
Opening balance	-	-
Acquired during the period	2,178,657	-
Movement in fair value	(22,909)	-
	<u>2,155,748</u>	-

Pursuant to the Company's Convertible Note Deed (refer to note 6) with Byron Energy Limited, the Board elected to exercise its priority rights and in September 2017, took a 10% participation via a subscription of A\$2,652,790 for 37,897,000 Byron Energy securities, at an issue price of A\$0.07. The consequent valuation of the shares to fair value at the reporting date resulted in a gain of \$7,579,400 which is recognised in other comprehensive income.

## Note 6. Secured Convertible Note

	31 December 2017 \$	30 June 2017 \$
<b>Current</b>		
Secured convertible note	4,000,000	3,000,000
Accrued interest income	165,698	189,370
Deferred gain	(439,006)	(432,136)
	<b>3,726,692</b>	<b>2,757,234</b>
<b>Non-current</b>		
Secured convertible note	3,000,000	5,000,000
Deferred gain	(161,550)	(567,235)
	<b>2,838,450</b>	<b>4,432,765</b>
<b>Total</b>		
Secured convertible note	7,000,000	8,000,000
Accrued interest income	165,698	189,370
Deferred gain	(600,556)	(999,371)
	<b>6,565,142</b>	<b>7,189,999</b>

The secured convertible note advance was provided to Byron Energy Ltd (ASX: BYE) on terms as detailed in announcements to the ASX dated 9<sup>th</sup> June 2016 and 22<sup>nd</sup> July 2016. The terms include a Facility Fee of 2.5%, a Line Fee of 2% and a coupon of 12% payable quarterly in arrears. The note is convertible by the Company at its election after eighteen months from initial drawdown.

## Note 7. Financial Assets

The derivative asset relates to 10 million options granted by Byron Energy Limited to the Company on 21 July 2016 which are recorded at fair value at grant date based on an independent valuation. They are to be revalued at each reporting period with any change being recorded in the profit and loss. The options are non-transferable unlisted options with an exercise price of \$0.25 per share and a three-year expiry. The assumptions used in the valuation are the following:

	<b>At Grant Date</b>	<b>At Balance Date</b>
Grant date	21 July 2016	21 July 2016
Expiry date	21 July 2019	21 July 2019
Share price	\$0.17	\$0.27
Volatility	95%	100%
Option life	3 years	3 years
Dividend yield	0%	0%
Risk free investment rate	1.49%	1.90%
Fair value at grant date	\$879,900	-
Fair value at balance date	-	\$1,336,978
Exercise price at date of grant	\$0.25	\$0.25
Exercisable from	20 Jul 2018	20 Jul 2018
Exercisable to	21 July 2019	21 July 2019
Weighted average remaining contractual life	3.0 years	1.6 years

## Note 7. Financial Assets (continued)

	31 December 2017 \$	30 June 2017 \$
Fair value at the beginning of the half year	267,400	879,900
Profit/(Loss) on fair value movement of derivative asset	1,069,578	(612,500)
<b>Total</b>	<b>1,336,978</b>	<b>267,400</b>

## Note 8. Contingent Assets and Liabilities

An amount of \$24,000 is included in the consolidated statement of financial position under Trade and other receivables, relating to security deposits held by multiple unrelated parties. This amount is also disclosed as a contingent liability because these amounts may become payable if the Company does not meet certain conditions contained in legal agreements. The detail of the contingent liability is as follows.

### Classed as Trade and Other Receivables - Non-current

Security bonds non-current \$24,000

## Note 9. Contributed Equity

Ordinary Shares	No of Shares		Value	
	Half Year Ended 31 Dec 2017	Year Ended 30 June 2017	Half Year Ended 31 Dec 2017	Year Ended 30 June 2017
Opening Balance	398,464,823	401,108,520	111,562,703	121,524,352
Shares cancelled	-	(2,643,697)	-	-
Return of capital /buyback	-	-	-	9,961,649
Closing Balance	<b>398,464,823</b>	<b>398,464,823</b>	<b>111,562,703</b>	<b>111,562,703</b>

Options (not quoted on ASX)	No of Options	
	Half Year Ended 31 Dec 2017	Year Ended 30 June 2017
Opening balance	-	99,057
Exercised by employees	-	-
Options lapsed	-	99,057
Closing balance	-	-

## Note 10. Fair value measurement

### Fair value measurement of financial instruments

Financial assets measured at fair value in the statement of financial position are grouped into three (3) levels of fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3:** unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 December 2017 and 30 June 2017:

<b>31 December 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Exchange Traded Bonds	2,155,748	-	-	2,155,748
Listed Securities	10,232,190	-	-	10,232,190
Derivative asset	-	-	1,336,978	1,336,978
<b>Total assets</b>	<b>12,387,938</b>	<b>-</b>	<b>1,336,978</b>	<b>13,724,916</b>
<b>Net fair value</b>	<b>12,387,938</b>	<b>-</b>	<b>1,336,978</b>	<b>13,724,916</b>
<b>30 June 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Exchange Traded Bonds	-	-	-	-
Listed Securities	-	-	-	-
Derivative asset	-	-	267,400	267,400
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>267,400</b>	<b>267,400</b>
<b>Net fair value</b>	<b>-</b>	<b>-</b>	<b>267,400</b>	<b>267,400</b>

## Note 11. Interests in Tenements

As at 31 December 2017, the Company held a 10% working interest (7.45% Net Revenue Interest) in the Bivouac Peak project. Metgasco has been advised by the Operator, Byron Energy Ltd., that approval processes are ongoing and that drilling is planned to commence no earlier than second half of 2018.

## **Note 12. Events after the Reporting Date**

There have been no significant events after the reporting date other than the following:

### **Appointment of Independent Non-Executive Director**

On the 2nd February the Company advised the ASX that it had appointed Dr. Robbert Willink to the Board of Metgasco as independent Non-Executive Director, effective 5 February 2018.

### **Final Execution of Native Title Agreements**

On the 8th February the Company advised the ASX that it has reached agreement with the Wongkumara people regarding access and use of the land comprising the area covered by ATP-2020 and ATP-2021 in the Cooper Basin in south west Queensland. Both parties have agreed mutually acceptable terms which provide the traditional landowners with significant long-term benefits through the successful commercialisation of any hydrocarbon assets in the land, while providing Metgasco with limited up front expenditure and certainty of costs for the development of the resources. Final execution of the Native Title Agreements was completed on Tuesday, 6 February 2018.

### **Shareholder Meeting**

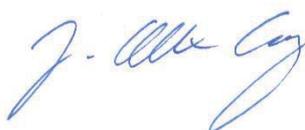
As advised on the ASX on 2 February 2018 a meeting of shareholders has been called to deal with the two Section 203D Notices received by the Company. A Notice of Meeting will be issued shortly.

## 8. DECLARATION BY DIRECTORS

The Directors of Metgasco Ltd declare that:

1. The financial statements comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity and notes to the consolidated financial statements of the consolidated entity are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards AASB134 Interim Financial Reporting;  
and
  - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Alexander Lang  
Executive Chairman

Sydney, 8 March 2018

Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445  
E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## Independent Auditor's Review Report To the Members of Metgasco Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Metgasco Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Metgasco Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

#### Directors Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

*Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Metgasco Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**Grant Thornton Audit Pty Ltd**

Chartered Accountants



N P Smietana

Partner - Audit & Assurance

Sydney, 8 March 2018

## 10. CORPORATE DIRECTORY

<b>Directors:</b>	Alexander Lang	Executive Chairman
	Philip Amery	Non-Executive Director
	John Patton	Non-Executive Director
	Andrew Purcell	Non-Executive Director
	Robbert Willink	Non-Executive Director
<b>Company Secretary:</b>	Philip Mackey	
<b>Home Stock Exchange:</b>	Australian Securities Exchange (ASX) 4 Bridge St Sydney NSW 2000	
<b>ASX Symbol:</b>	MEL	
<b>Principal and Registered Office:</b>	Level 12, 680 George Street Sydney NSW 2000	
	Telephone:	+61 2 9923 9100
	Facsimile:	+61 2 9959 5387
	Website:	<a href="http://www.metgasco.com.au">www.metgasco.com.au</a>
	Email	<a href="mailto:info@metgasco.com.au">info@metgasco.com.au</a>
<b>Share Registry:</b>	Registry Direct Pty Ltd PO Box 18366 Collins Street East Melbourne, VIC 8003	
<b>Auditors:</b>	Grant Thornton Audit Pty Ltd Level 17, 383 Kent Street Sydney NSW 2000	
<b>Bankers:</b>	National Australia Bank Level 17, 500 Oxford St Bondi Junction NSW 2022	
<b>Australian Company Number:</b>	ACN 088 196 383	
<b>Australian Business Number:</b>	ABN 24 088 196 383	
<b>Date and Place of Incorporation:</b>	22 June 1999, Sydney, Australia	