



ASX / MEDIA RELEASE

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IN-SPECIE DISTRIBUTION OF BYRON ENERGY SHARES TO METGASCO SHAREHOLDERS

- **Metgasco's board has been considering options to unlock the value of the Company's BYE investment for the benefit of its shareholders**
- **With the Vali-1 well now fully free carried and new initiatives costed, the Board has resolved to distribute the bulk of Metgasco's BYE position to its shareholders**
- **This distribution reinforces Metgasco's singular focus on maximise total returns for ALL shareholders**

The Board of Metgasco Ltd (**ASX:MEL**) (Metgasco, or, the **Company**) is pleased to advise that, consistent with longstanding considerations, it proposes to put a resolution to shareholders for approval at its upcoming 2019 Annual General Meeting to (subject to necessary approvals and an appropriate ATO private ruling) **undertake a capital return via an in-specie distribution of 30 million** Byron Energy (BYE) shares to its shareholders.

This significant return of value to shareholders, representing approximately 70% of the Company's BYE position, reflects the Board's focus on maximising shareholder returns and delivers direct participation for shareholders in Metgasco's highly successful investment in Byron, as well as providing shareholders with direct exposure to the substantial future upside Metgasco believes exists within Byron's Gulf of Mexico portfolio.

On the resolution being approved and the distribution proceeding, Metgasco shareholders will receive approximately one (1) BYE share for every thirteen (13) MEL shares held at the record date (to be advised). At the BYE share price close of trading Monday, 30 September this represents approximately 2.8c per Metgasco share of implied value.

Metgasco will, following the proposed distribution, retain a material 12,333,383 shares in Byron, which, along with its current cash reserves (and noting its free carry into Vali-1) leaves the Company well funded to meet all near term exploration activities including potentially drilling the huge Perth Basin Cervantes onshore oil prospect, with or without farm-in partners.

Metgasco takes this opportunity to reaffirm its confidence in the very robust farm-out process currently underway in relation to Cervantes, and in relation to its other Cooper/Eromanga Basin asset, ATP 2020.

Note: The Board has considered the current Melbana bid and notes that, while this proposal might be deemed a breach of a Melbana bid condition, Metgasco must at all times take the steps it believes to be in the best interests of its shareholders and which are consistent with its long-standing considerations. The proposal is in any event subject to Metgasco shareholder approval.

Metgasco also notes that its previously announced disposal of Byron share (see ASX announcement *Discharge of Byron Energy debt via share disposal*, 18 September 2019) might also have been considered a bid condition breach. Metgasco wrote to Melbana's "Independent Board Committee" that very day requesting urgent clarification from Melbana on this point but no response, clarification or acknowledgement from Melbana has been forthcoming.

Contact and further information:

Metgasco welcomes shareholder communication and invites all interested shareholders to make contact at any time.

ENDS

For further information contact:

Philip Amery
Chairman
+ 61 402 091180
philip.amery@metgasco.com.au

Ken Aitken
Chief Executive Officer
+61 2 9923 9100
ken.aitken@metgasco.com.au

Metgasco Ltd ACN 088 196 383
Level 12, 680 George Street, Sydney NSW 2000
Tel: +61 2 9923 9100 Fax: +61 2 9959 5387
info@metgasco.com.au
www.metgasco.com.au
