



ASX / MEDIA RELEASE

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EXECUTION OF BIVOUAC PEAK PARTICIPATION AGREEMENT

The Board of Metgasco Limited (“Metgasco” or “the Company”) is pleased to advise that it has executed a formal Participation Agreement with Byron Energy Limited (ASX:BYE) (“Byron”) in relation to its interest in the Bivouac Peak Littoral Louisiana Oil & Gas project (the “Project”).

In early June of this year, Metgasco secured a staged financial investment into Byron comprising the extension of a secured, high yield development financing facility (“Facility”) in relation to Byron’s South Marsh Island 70/71 production project (see Metgasco Limited’s ASX announcement dated 9 June 2016, *Staged Financial Investment into Byron Energy*). Pursuant to this transaction and in addition to the effective >14% annualised coupon received on funds deployed under the Facility, Metgasco received certain rights including: (a) the option (but not the obligation) to farm-in to Bivouac Peak; (b) preferred farm-in partner status in relation to certain future Byron exploration projects; (c) optional convertibility; and (d) the issuance of 10 million A\$0.25, 3 year expiry options over Byron shares to Metgasco Limited. The issuance of convertible notes and options in favour of Metgasco by Byron was approved by Byron shareholders at an Extraordinary General Meeting held on 12 September 2016.

As announced in July 2016 (see Metgasco Limited’s ASX announcement dated 28 July 2016, *Bivouac Peak Farm-In and Capital Return*), Metgasco elected to exercise its option to farm-in to the Bivouac Peak project following substantial due diligence of the project, including technical review of data with Byron at its Lafayette operations hub.

The execution of the Bivouac Peak Participation Agreement formalises the Company’s position in the Project which has the potential, on a success case, to be value transformative for Metgasco. The Company’s earn-in of a 10% working interest (7.45% Net Revenue Interest (“NRI”)) is expected to cost approx. US\$1.3m (to total depth) (or approx. A\$1.7m on current exchange rates). The initial well is expected to be spudded in either Q1 or early Q2 of 2017 and will test multiple stacked amplitude channel sand targets.

The initial Bivouac Peak well is designed to test a Gross Prospective Resource target of 126 Bcf and 11.2 Mmbo (32,270 Mboe).*

*Source: Byron Energy Limited (ASX release dated 26th July 2016)

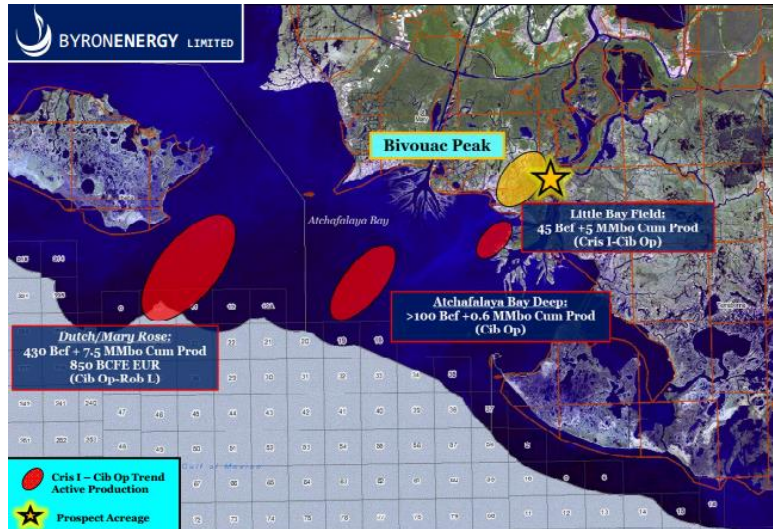
Bivouac Peak Farm-In:

Metgasco gave notice to Byron in July 2016 of its intention to participate in the ongoing maturation of the Bivouac Peak prospect and lease. Metgasco will be responsible for its share of sunk costs (approx. US\$65,000) and pre-drill costs at its participating working interest share of 10%.

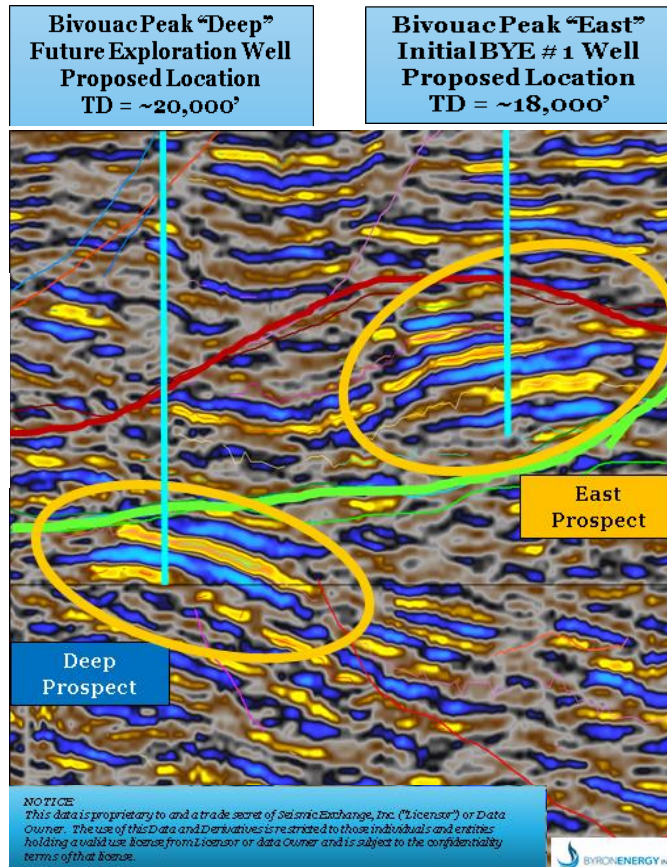
Metgasco will earn assignment of the 10% working interest (7.45% NRI) in the leases/well when Metgasco: (a) elects to drill when the Initial Test Well (“ITW”) is formally proposed; and (b) by either reaching earning depth or reaching its funding cap on the drilling costs (US\$1.333m). If Metgasco chooses not to participate in the ITW when proposed, Metgasco will forfeit all rights to the leases. Metgasco’s share of any future well completion costs, subsequent drilling, or development costs will be at its then earned participating interest of 10%.

Metgasco will pay a 13.33% share of the initial well costs to reach earning depth or up to a cap of US\$1.333m, whichever occurs first, at which time its costs forward will revert back to their participating interest of 10%. Metgasco’s share of any future well completion costs, subsequent drilling, or development costs will be at its then earned participating interest of 10%.

Map of the Bivouac Peak prospect area, Louisiana, and surrounding fields:*



Far Offset Stack – Bivouac Peak:*



*Source: Byron Energy Limited (ASX release dated 26th July 2016)

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About 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. Metgasco also holds a portfolio of cash, fixed income and managed credit assets valued at approx. A\$20m (net of a Capital Return of 2.5c/share approved by shareholders in September 2016).

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Glossary

Bcf	Billion cubic feet (of natural gas)
Mboe	Thousand barrels of oil equivalent
Mmbo	Millions barrels of oil
Spudded	The commencement of actual drilling operations