

Form 603
Corporations Act 2001
Section 671B

Notice of Initial substantial holder

To: Company Name/Scheme Metgasco Limited (Metgasco)

ACN/ARSN 088 196 383

1. Details of substantial holder (1)

Name Melbana Energy Limited (Melbana) and each of its subsidiaries including those listed in Annexure A as updated from time to time and available from Melbana on request (Melbana Subsidiaries)

ACN/ARSN (if applicable) ACN 066 447 952

The holder became a substantial holder on 12/07/2019

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary shares (Shares)	76,516,908	76,516,908	19.59% (Based on an issued capital of 390,601,434 Shares)

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interests	Nature of relevant interest (7)	Class and number of securities
Melbana	Relevant interest in the Shares under sections 608(1)(b), 608(1)(c) and/or 608(8) of the <i>Corporations Act 2001</i> (Cth) (Act) (power to exercise or control the exercise of a power to dispose and/or vote securities) as a result of M&A Advisory Pty Ltd ACN 605 252 506 (M&A Advisory) executing a shareholder support deed poll in favour of Melbana (Support Deed) in relation to a proposed takeover offer for the Shares (Offer), a copy of which is annexed to this notice and marked Annexure B. The ability to exercise any powers or control is subject to the terms and conditions of the Support Deed.	76,516,908 Shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Melbana	M&A Advisory and, subject to the terms and conditions of the Support Deed and the Offer, Melbana	M&A Advisory	76,516,908 Shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)	Class and number of securities
Melbana	12/07/2019	Nil, however, subject to the terms and conditions of the Support Deed and if the Offer is accepted by M&A Advisory, the consideration payable under the terms of the Offer (being 4 fully paid ordinary shares issued in Melbana for every 1 Melgasco Share)	76,516,908 Shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Melbana Subsidiaries	Each Melbana Subsidiary is an associate of Melbana under section 12(2)(a) of the Act because it is a wholly owned subsidiary of Melbana and is an associate of each other Melbana Subsidiary because all of these entities are controlled by Melbana.

7. Addressee

The addressee of persons named in this form are as follows:

Name	Address
Melgasco	Level 3, 2 Elizabeth Plaza, North Sydney, NSW 2060
Melbana	Level 3, 350 Collins Street, Melbourne, VIC 3000
M&A Advisory	Suite 407, 12 Century Circuit, Baulkham Hills, NSW 2153

Signature

print name Melanie Leydln

capacity Company Secretary

sign here



date 16/ 07/ 2019

DIRECTIONS


- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addressees of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying the contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

This is Annexure A of 1 page (including this page) referred to in form 603 notice of initial substantial holder lodged by Melbana Energy Limited ACN 066 447 952

Signature

print name	Melanie Leydin	capacity	Company Secretary
sign here		date	16/ 07/ 2019

Entity

Flinniss Offshore Exploration Pty Ltd
LNG Australia Pty Ltd
MEO International Pty Ltd
MEO New Zealand Pty Limited
Methanol Australia Pty Ltd


ACN

161 078 253
094 071 637
151 255 426
Registered in New Zealand
092 261 222

Annexure B

This is Annexure A of 14 pages (including this page) referred to in form 603 notice of initial substantial holder lodged by Melbana Energy Limited ACN 068 447 952

Signature

print name	Melanie Leydin	capacity	Company Secretary
sign here		date	16/ 07/ 2019

M&A Advisory Pty Limited
ACN 605 252 506
PO Box 378
Edgecliff NSW 2027

12 July 2019

Melbana Energy Limited
Level 3, 350 Collins Street
Melbourne, Victoria 3000

Dear Directors

Shareholder support deed poll – proposed acquisition of Metgasco Limited

1. Acceptance of Offer under Takeover Bid

- 1.1 Subject to Melbana publicly announcing an intention to make the Offer (conditional or otherwise), which will include conditions no less favourable to Metgasco Shareholders than the conditions set out in Schedule 1, M&A Advisory agrees that it will accept, or procure the acceptance of, the Offer, if made, in respect of the Acceptance Shares on, and not before, the Acceptance Date.
- 1.2 M&A Advisory acknowledges that if Melbana announces an intention to make the Offer, which intention is expressed to be subject to one or more conditions precedent (for example an approval, consent, authorisation or waiver from a government agency or other regulatory authority), then the making of the Offer will be subject to satisfaction or waiver of that condition precedent, absent which the Offer will not be made.

2. Undertakings

2.1 M&A Advisory undertakes:

- (a) not to accept the Offer, if made, other than in accordance with clause 1;
- (b) not to dispose of, or offer or agree to dispose of, or grant any interest in or otherwise deal with, the Acceptance Shares (or any interest in them), other than in accordance with clause 1, nor enter into any discussions or negotiations relating to any such disposal;
- (c) not to acquire any legal, beneficial interest or relevant interest in any securities in Metgasco;
- (d) to exercise all rights attaching to the Acceptance Shares, including any voting rights, as directed by Melbana;
- (e) that neither it nor any of its associates will:
 - (i) approach or solicit inquiries from any person other than Melbana in relation to a proposal to acquire, deal in or exercise any rights in relation to any or all of the Acceptance Shares or participate in any discussions or negotiations, provide any information or take any other action to facilitate any such person making such a proposal; or
 - (ii) take any action or make any statement which is or may be prejudicial to the success of the Takeover Bid; and

- (f) on and from the date M&A Advisory accepts the Offer, not to withdraw its acceptance, even if M&A Advisory may be permitted to do so by law (including under section 650E of the Corporations Act) or under the terms of the Offer.

3. Failure to comply

- 3.1 M&A Advisory agrees and acknowledges that in the event M&A Advisory fails to comply with its obligations under clause 1, monetary damages alone would not be adequate compensation to Melbana and that specific performance or injunctive relief is an appropriate remedy.
- 3.2 On the day after the date on which M&A Advisory fails to comply with its obligations under clause 1, M&A Advisory irrevocably appoints any director or officer of Melbana to be its attorney in M&A Advisory's name and on its behalf to execute any acceptance forms and to do such other acts and things as may be necessary to accept (or procure the acceptance) of the Offer in respect of the Acceptance Shares.

4. Termination and Suspension

- 4.1 This deed poll will terminate, and all of M&A Advisory's obligations under it will immediately cease and be of no force and effect, upon the earlier to occur of the following:
- (a) if Melbana has not publicly announced an intention to make the Offer (conditional or otherwise) within 2 Business Days of the date of this deed poll;
 - (b) the expiry of the Offer Period; and
 - (c) if:
 - (i) prior to the Acceptance Date, the bidder's statement or explanatory statement in respect of a Superior Proposal is released to ASX; and
 - (ii) Melbana does not improve, or announce an intention to improve, the Value of the consideration for each Metgasco Share under the Offer so that it is at least equal to the Value of the consideration for each Metgasco Share under the Superior Proposal within 5 Business Days of the occurrence of the event under clause 4.1(b)(i).

5. Warranties

- 5.1 M&A Advisory represents and warrants that it:
- (a) is the legal owner of 100% of the Acceptance Shares; and
 - (b) acts as agent on behalf of the beneficial owner(s) of the Acceptance Shares which are free of encumbrances, with full power and authority to enter into and complete this deed without the consent of any other person.

6. Confidentiality and public announcements

- 6.1 M&A Advisory agrees to keep the existence and terms of this deed poll confidential until Melbana has given a substantial holding notice to ASX (which attaches a copy of this deed poll) in respect of the relevant interest which Melbana acquires as a result of this deed poll, or until Melbana has otherwise announced the terms of this deed poll to ASX.
- 6.2 M&A Advisory consents to the inclusion of statements reflecting the covenants in this deed poll to be included in any public announcement in respect of the Takeover Bid and in any bidder's

statement, supplementary bidder's statement, notice of meeting, target's statement or supplementary target's statement.

7. General

- 7.1 This deed poll may not be amended, terminated or revoked without Melbana's prior written consent.
- 7.2 This deed poll may be relied on and enforced by Melbana against M&A Advisory in accordance with its terms even though Melbana is not a party to it.
- 7.3 Time is of the essence in this deed poll, in particular with respect to M&A Advisory's obligation to accept the Offer in respect of all Acceptance Shares under clause 1.
- 7.4 If any provision of this deed poll is void, illegal or unenforceable, it may be severed without affecting the enforceability of the other provisions in this deed poll.
- 7.5 This deed poll and any dispute or difference arising out of this deed poll shall be governed by and construed in accordance with the laws of New South Wales.

8. Interpretation

- 8.1 In this deed poll:

Acceptance Date means:

- (a) 2 Business Days after Melbana has received, either:
 - (i) the Listing Rule 10.1 Approval;
 - (ii) a waiver from ASX to permit the issue of Melbana Shares to M&A Advisory under the Offer without the Listing Rule 10.1 Approval; or
 - (iii) notice or confirmation from ASX that Melbana is not required to obtain the Listing Rule 10.1 Approval; or
- (ii) such other date that Melbana consents to in writing.

Acceptance Shares means 76,516,908 Metgasco Shares held by M&A Advisory (representing 19.59% of all Metgasco Shares as at the date of this deed poll);

ASX means ASX Limited or Australian Securities Exchange as the context requires;

Business Day means a day other than a Saturday, Sunday or public holiday on which banks are generally open in Sydney, New South Wales for normal business;

Corporations Act means the *Corporations Act 2001* (Cth);

M&A Advisory Listing Rule 10.1 Approval means the approval of Melbana Shareholders for the purposes of Listing Rule 10.1 for the issue of Melbana Shares to M&A Advisory under the Offer;

M&A Advisory means M&A Advisory Pty Ltd ACN 605 252 506;

Melbana means Melbana Energy Limited ACN 078 012 745;

Melbana Share means a fully paid ordinary share issued in the capital of Melbana;

Melbana Shareholders means the persons who are registered in the register of Melbana Shares maintained by Link Market Services Limited on behalf of Melbana as the holders of Melbana Shares from time to time;

Metgasco means Metgasco Limited ACN 088 196 383;

Metgasco Share means a fully paid ordinary share issued in the capital of Metgasco;

Metgasco Shareholder means a holder of one or more Metgasco Shares;

Offer means the offer by Melbana or its wholly owned subsidiary to acquire each Metgasco Share (including all rights attaching to them) under the Takeover Bid in consideration for the issue of 4 Melbana Shares for every 1 Metgasco Share, as varied from time to time;

Offer Period means the period during which the Offer is open for acceptance by Metgasco Shareholders;

Superior Proposal means a bona fide proposal received by Metgasco after the date of this deed poll:

- (a) pursuant to which, if ultimately completed in accordance with its terms, a Third Party would, directly or indirectly, acquire a relevant interest in, or become the holder of, 100% of the Metgasco Shares (including any Metgasco Shares held by that Third Party or any associate of that Third Party) via a takeover bid or scheme of arrangement;
- (b) that is not subject to any condition which is materially more onerous than any of the conditions specified in Schedule 1 to this deed poll which have not, prior to the time that the proposal is announced, been waived by Melbana or satisfied;
- (c) in respect of which, or in respect of the Third Party making the proposal, M&A Advisory has not engaged in conduct that is in breach of its obligations under clause 2.1(e); and
- (d) under which the Value of the consideration offered for each Metgasco Share exceeds the Value of the then current consideration for each Metgasco Share under the Offer by at least 5%;

Takeover Bid means an off-market takeover bid to be made by Melbana or its wholly owned subsidiary under Chapter 6 of the Corporations Act to acquire 100% of the Metgasco Shares (including all rights attaching to them);

Third Party means a person other than Melbana or its related entities;

Value means, in respect of the consideration offered or proposed to be offered under the Offer or a Superior Proposal, the amount calculated in accordance with Schedule 2; and

VWAP means the volume weighted average sale price of the relevant securities on the relevant stock exchange for the relevant period excluding special crossings, overnight sales and exchange traded option exercises.

8.2 Unless otherwise indicated, if the day on which any act, matter or thing is to be done under this deed poll is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.


8.3 Any term defined in the Corporations Act has the same meaning in this deed poll.

8.4 In this deed poll:

- (a) references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
- (b) a reference to a clause or schedule is a reference to a clause or schedule of or to this deed poll (and the schedules form part of this deed poll);
- (c) a reference to any time is a reference to that time in Sydney, New South Wales;
- (d) a reference to any instrument or document includes any variation or replacement of it;
- (e) singular words include the plural and vice versa;
- (f) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- (g) general words must not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words; and
- (h) the headings do not affect interpretation.

EXECUTED AS A DEED POLL by M&A)
ADVISORY PTY LTD in accordance with)
section 127 of the *Corporations Act 2001* (Cth):)

Andrew Purcell
Name of sole director and company secretary who
states that he or she is the sole director and sole
company secretary of M&A Advisory Pty Ltd


Signature of sole director and sole company secretary

SCHEDULE 1

OFFER CONDITIONS

1. Minimum acceptance

At or before the end of the Offer Period, Melbana has a Relevant Interest in the number of Metgasco Shares that represents at least 50.1% of the aggregate of all Metgasco Shares on issue.

2. M&A Advisory participation

Before the end of the Offer Period, Melbana having received:

- (a) the approval of Melbana Shareholders for the purposes of Listing Rule 10.1 for the acquisition of the Metgasco Shares held by M&A Advisory and the issue of Melbana Shares to M&A Advisory under the Offer (**Listing Rule 10.1 Approval**);
- (b) a waiver from ASX to permit the issue of Melbana Shares to M&A Advisory under the Offer without the Listing Rule 10.1 Approval; or
- (c) a notice or confirmation from ASX that Melbana is not required to obtain the Listing Rule 10.1 Approval.

3. No material adverse change

Between the Announcement Date and the end of the Offer Period, no event or change in circumstances occurs, and no event or change in circumstances that occurred before the Announcement Date but was not apparent from publicly available information before that time becomes publicly known, that individually or when aggregated with all other such events or changes has had, or could reasonably be expected to have any of the following effects:

- (a) a diminution of the consolidated net assets of Metgasco Group by \$1,000,000 or more;
- (b) any material rights under any contract in respect of a Key Metgasco Project being suspended, revoked, invalidated, varied, terminated, released or otherwise coming to an end;
- (c) a material restraint on or hindrance to the development, timely completion, feasibility, operation, or profitability of the Key Metgasco Projects;
- (d) the incurring of any obligations, liabilities, accounting impairment, costs or expenses (whether contingent or otherwise) where the quantum (whether individually or when aggregated) exceeds \$500,000;
- (e) any person announcing, commencing or threatening any litigation against any member of Metgasco Group or joint venture partner of any member of Metgasco Group (whether in aggregate or for any single litigation) which may result in a judgment against the member of Metgasco Group or joint venture partner of \$500,000 or more (individually or in aggregate); or
- (f) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of Metgasco Group taken as a whole.

4. No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or ruling issued by any Government Agency,
- (b) no application is made to any Government Agency (other than by Melbana or any associate of the Melbana); and
- (c) no action or investigation is announced, commenced or threatened by any Government Agency in connection with the Transaction,

which could reasonably be expected to:

- (i) restrain, impede or prohibit or otherwise have a material adverse effect on the making of the acquisition by Melbana of Metgasco Shares or any other transaction contemplated by the Bidder's statement (including implementation of Melbana's intentions expressed in the Bidder's statement); or
- (ii) require Melbana to divest any Metgasco Shares or any member of the Melbana Group or Metgasco Group to divest any material asset,

other than an application to or a determination by ASIC, ASX or the Takeovers Panel in the exercise of the powers and discretions conferred by the Corporations Act.

5. No prescribed occurrences during the Offer Period

Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following events occurs:

- (a) Metgasco converts all or any of its shares into a larger or smaller number of shares;
- (b) Metgasco or a subsidiary of Metgasco resolves to reduce its share capital in any way;
- (c) Metgasco or a subsidiary of Metgasco enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) Metgasco or a subsidiary of Metgasco issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) Metgasco or a subsidiary of Metgasco issues or agrees to issue, convertible notes;
- (f) Metgasco or a subsidiary of Metgasco disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) Metgasco or a subsidiary of Metgasco charges or agrees to grant a security interest (as defined in section 51A of the Corporations Act) in the whole, or a substantial part, of its business or property;
- (h) Metgasco or a subsidiary of Metgasco resolves to be wound up;
- (i) a liquidator or provisional liquidator of Metgasco or a subsidiary of Metgasco is appointed;

- (j) a court makes an order for the winding up of Metgasco or of a subsidiary of Metgasco;
- (k) an administrator of Metgasco or a subsidiary of Metgasco is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Metgasco or a subsidiary of Metgasco executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of Metgasco or of a subsidiary of Metgasco.

6. No prescribed occurrences prior to the lodgement of the Bidder's Statement

Between the Announcement Date and the day immediately preceding the date of the Bidder's Statement (each inclusive), None of the events listed in paragraphs 1(a) to (m) occurs.

7. No exercise of rights under certain agreements or arrangements

If between the Announcement Date and the end of the Offer Period any person:

- (a) is entitled to exercise, or will as a result of the Offer, the acquisition of Metgasco Shares by Melbana or the removal of Metgasco from the official list of ASX if the Offer is successful become entitled to exercise; or
- (b) purports to exercise, states an intention to exercise (whether or not that intention is stated to be a final decision, or asserts the ability to exercise,

any right under any provision of any agreement or other arrangement to which any member of the Metgasco Group is a party or to which any member of the Metgasco Group or any of its assets or businesses may be subject, which results in, or could result in:

- (i) any moneys borrowed by any member of the Metgasco Group being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date provided for in such agreement or arrangement;
- (ii) any such agreement or arrangement that imposes or may impose obligations or liabilities on any party of more than \$500,000 per annum or more than \$500,000 in total or that is otherwise material to the business of the Metgasco Group being terminated or modified or not renewed or the performance of any obligations under any such agreement or arrangement being accelerated; or
- (iii) any assets of any member of the Metgasco Group, including any interest of any member of the Metgasco Group in any body corporate, trust, joint venture or other entity, being sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions, or any contractual arrangements relating to any such asset or interest, being terminated or modified,

that person gives the relevant member of the Metgasco Group and Melbana in writing a binding, irrevocable and unconditional release or waiver of that right.

8. Conduct of business

Between the Announcement Date and the end of the Offer Period, no member of Metgasco Group:

- (a) announces, declares, determines to pay, makes or pays any dividend or other distribution (whether in cash or in specie);

- (b) incurs capital expenditure exceeding \$500,000 or, except in the ordinary course of trading, transfers or otherwise disposes of or creates any Encumbrance in respect of, assets having a value exceeding \$500,000;
- (c) acquires or disposes of any shares or other securities in any body corporate or any units in any trust, or substantially all of the assets of any business except where the aggregate consideration paid or received by all members of Metgasco Group for all such acquisitions or disposals does not exceed \$500,000 or enters into, or terminates any participation in, any partnership, joint venture or similar commitment;
- (d) borrows an amount which when combined with all other amounts borrowed since the Announcement Date exceeds \$500,000 or enters into any swap, option, futures contract, forward commitment or other derivative transaction;
- (e) enters into, waives any material rights under, varies or terminates any contract, commitment or arrangement which may require annual expenditure by the relevant member of Metgasco Group in excess of \$500,000 or is otherwise of material importance to the business of Metgasco Group;
- (f) any entity within the Metgasco Group enters into, amends, or agrees to enter into or amend any contract, commitment or other arrangement with a related party (as defined in section 228 of the Corporations Act), or an associate of that related party, of Metgasco;
- (g) pays or agrees to pay the costs and expenses of all advisers to Metgasco Group in connection with the Offer where such costs and expenses exceed \$500,000;
- (h) increases the remuneration of, makes any bonus payment, retention payment or termination payment to, or otherwise changes the terms and conditions of employment of:
 - (i) any Metgasco Director; or
 - (ii) any employee of any member of Metgasco Group whose total annual employment cost exceeds \$100,000;
- (i) issues any performance rights convertible into Metgasco Shares;
- (j) changes its constitution or passes any resolution of shareholders or any class of shareholders;
- (k) commences, compromises or settles any litigation or similar proceedings for an amount exceeding \$500,000; or
- (l) agrees, conditionally or otherwise, to do any of the things referred to in paragraphs (a) to (k) above, or announces or represents to any person that any of those things will be done,

unless the doing of that thing was specifically disclosed in any ASX announcement made by Metgasco before the Announcement Date.

9. No inaccurate public information

Melbana does not become aware, during the period between the Announcement Date and the end of the Offer Period (each inclusive) that:

- (a) any announcement made by Metgasco to ASX;
- (b) any document lodged by or on behalf of Metgasco with ASIC; or

- (c) any other public statement made by or on behalf of Metgasco, is inaccurate or misleading in any material way, including by omission.

Definitions

In this Schedule 1, unless the context requires otherwise:

Announcement Date means the date of announcement of the Takeover Bid;

ASIC means the Australian Securities and Investments Commission;

ASX mean the Australian Securities Exchange or ASX Limited ACN 008 624 691 (or its lawful successor), as the context requires;

Bidder's Statement means the bidder's statement prepared by Melbana in respect of the Offer;

Control has the meaning given in section 50AA of the Corporations Act;

Corporations Act means the *Corporations Act 2001* (Cth);

Encumbrance means any security interest (within the meaning of section 51A of the Corporations Act) and any option, right to acquire, right of pre-emption, assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement or other security interest of any kind, and any agreement to create any of the foregoing;

Key Metgasco Projects means the explorations projects in respect of the South Marsh Island Block 74 and the ATP 2020 and ATP 2021 permits;

Listing Rule means a listing rule of the ASX;

M&A Advisory means M&A Advisory Pty Ltd ACN 605 252 506;

Melbana means Melbana Energy Limited ACN 066 447 952 or its subsidiary;

Metgasco means Metgasco Limited ACN 088 196 383;

Metgasco Group means Metgasco and any entity under the Control of Metgasco;

Metgasco Incentive Plan means any incentive plan operated by Metgasco for the benefit of executives or employees of members of Metgasco Group;

Metgasco Share means a fully paid ordinary share issued in the capital of Metgasco;

Melbana Shareholder means a holder of one or more Melbana Shares;

Offer means either:

- (a) the offer for Metgasco Shares contained in the Bidder's Statement; or
- (b) the off-market takeover bid constituted by that offer and each other offer by Melbana for Metgasco Shares in the form of that offer, in each case as varied in accordance with the Corporations Act,

as the context requires;

Offer Period means the period during which the Offer is open for acceptance as set out in the Bidder's Statement;

Relevant Interest has the meaning given in the Corporations Act; and

Takeovers Panel means the Takeovers Panel referred to in Division 2, Part 6.10 of the Corporations Act.

SCHEDULE 2**VALUATION OF SUPERIOR PROPOSAL**

For the purpose of determining the value of consideration to be provided under the Offer or a Superior Proposal:

- (b) securities quoted for trading on a stock exchange will be valued on the basis of the 5 day VWAP for the period up to and including the date of Metgasco's announcement of the Superior Proposal and, if the securities are quoted on an foreign stock exchange, the 5 day VWAP will be converted using the appropriate exchange rate or cross rate as reported by Bloomberg at 10.00am on the Business Day after the date of Metgasco's announcement of the Superior Proposal;
- (c) the value of unquoted securities will be:
 - (i) as agreed between Melbana and M&A Advisory; or
 - (ii) in the absence of agreement, as determined by an independent expert (acting as expert and not arbitrator and on behalf of both parties whose decision will be, in the absence of manifest error, final and binding on both parties) the identity of which is agreed by the parties (or in the absence of agreement, such person as nominated by the Resolution Institute);
- (d) any cash component denominated in a currency other than Australian dollars will be converted using the appropriate exchange rate or cross rate as reported by Bloomberg at 10.00am on the Business Day after the date of Metgasco's announcement of the Superior Proposal; and
- (e) to the extent any consideration under the Superior Proposal includes consideration other than cash or securities, the value ascribed to any such consideration shall be zero.