

Waiver of Breaches of Offer Conditions

MELBOURNE, AUSTRALIA (9 SEPTEMBER 2019)

Melbana Energy Limited (ASX: MAY) (**Melbana**) refers to its announcement dated 15 July 2019 (**Initial Bid Announcement**) in which it announced its intention to make a takeover offer (**Offer**) for 100% of the ordinary shares in Metgasco Limited (ASX: MEL) (**Metgasco** and **Metgasco Shares**).

Waiver of breaches of Offer conditions

Melbana refers to the following recent market announcements by Metgasco:

- On 29 August 2019, Metgasco announced that Bridgeport (Cooper Basin) Pty Ltd (**Bridgeport**) had entered into a binding Farm-in Agreement with Metgasco in respect of ATP 2021 (**Bridgeport Farm-in**), under which:
 - Bridgeport can earn a 25% interest (non-operated) in ATP 2021 by funding 32.5% of the first exploration well, up to a maximum gross cost of A\$5.3 million (with Bridgeport's share being up to A\$1.72 million); and
 - Bridgeport will fund 32.5% of Metgasco's share of future exploration costs up to a maximum of A\$812,000 gross (Bridgeport's share being up to A\$263,900).
- On 4 September 2019, Metgasco released its 2019 annual report, which contained its consolidated financial statements for the 12 month period ending 30 June 2019. The financial statements detail the financial position of Metgasco as at 30 June 2019, including as a consequence of the impairment of the Gulf of Mexico exploration costs of \$10.2 million.

The independent board committee established by the Melbana board of directors in respect of the Offer (**IBC**), comprised of Michael Sandy and Peter Stickland, has considered the impact on the Offer of the matters the subject of the above announcements (**Relevant Matters**). The IBC has resolved to waive the breaches of the Offer conditions arising out of or as a consequence of the Relevant Matters such that it will not rely on the Relevant Matters for the purposes of voiding any acceptances under the Offer.

For the avoidance of doubt, the Offer has not been freed from, and continues to be subject to, each of the conditions set out in Annexure A of the Initial Bid Announcement.

Option agreement in respect of production licence L14

Melbana refers to the announcement by Metgasco dated 9 September 2019 in respect of Metgaco's entry into an option agreement in respect of a potential farm-in into the L14 production licence, which is 100% owned by RCMA Australia Pty Ltd. The option must be exercised on or before 15 November 2019. Based on Metgasco's public disclosures, until the option has been exercised, Metgasco is not obligated to pay (and has not paid) any amount to RCMA.

Melbana is currently reviewing the potential impact of the farm-in arrangement on Metgasco and the Offer were the option to be exercised by Metgasco. At this time, Melbana expects that any exercise of the option would only be made with the approval of Metgasco shareholders consistent with the Metgasco directors' duties and the operation of the Takeovers Panel frustrating action policy. Melbana reserves all of its rights in relation to any exercise of the option by Metgasco, including its rights to seek appropriate orders from the Takeovers Panel.

-Ends-

For further information contact:

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