



ASX / MEDIA RELEASE

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8 October 2019

TARGET'S STATEMENT

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should read all of the document. If you are in doubt as to what you should do, you should consult your investment, financial, taxation and other professional advisor.

This Target's Statement has been issued in response to the off-market all-scrip takeover bid made by Melbana Energy Limited (Melbana) for all the ordinary shares in Metgasco Ltd (Metgasco).

Your Metgasco Directors unanimously recommend that you

REJECT THE OFFER

Melbana's all-scrip offer significantly undervalues your shares.

TO REJECT MELBANA'S OFFER

DO NOTHING

In the meantime, should you have any queries, or wish to discuss any matters further, please contact our office on the numbers shown below.

The Board of Metgasco

Contact and further information:

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

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Chairman's Letter

8 October 2019

Dear fellow Metgasco shareholder,

THE METGASCO DIRECTORS UNANIMOUSLY RECOMMEND YOU REJECT MELBANA ENERGY'S WHOLLY INADEQUATE OFFER – DO NOTHING

On the 15th of July 2019, Melbana Energy Limited (**Melbana or Melbana Energy**) announced an unsolicited, highly conditional, off-market, all-scrip bid for Metgasco Ltd. (**Metgasco or the Company**), offering four (4) fully paid ordinary shares in Melbana for each one (1) of your ordinary shares in Metgasco (**the Offer**).

In the covering letter to its Bidder's Statement, dated the **10th of September 2019**, Melbana described its offer as "attractive" to Metgasco shareholders. To support this, Melbana referred to a Metgasco share price of 2.7c as per the close on the **12th July 2019**. This represented the lowest Metgasco share price close since the 16th of October 2015. This fall in share price was a result of market reaction to Metgasco's announcement of the SM74 D-14 well plug and abandonment decision. Even on the 10th of September, as Melbana described their offer as "attractive", their bid represented a **9.1% discount** to the market value of your Metgasco shareholding.

Using more recent and relevant valuation metrics, being the one and three month volume weighted average price (**VWAP**) of Metgasco shares to the 2nd of October 2019, the offer represents a **20.9% discount** (over the one month VWAP) and **10.2% discount** (over the three month VWAP) to the market value of your Metgasco shareholding. Based on the closing prices of Metgasco and Melbana shares on the 2nd October 2019, the implied value of Melbana's bid represents a **discount of 20.0%** to the market value of your Metgasco shareholding.

I wrote to shareholders on the 25th September 2019, advising them to (a) take no action with respect to the Bidder's Statement from Melbana and that (b) a Target's Statement (**Target's Statement or Document**) would be dispatched shortly by Metgasco.

You should by now have received Melbana Bidder's Statement and Supplementary Bidder's Statement, setting out the terms and conditions of the Offer. This Target's Statement sets out Metgasco's formal response to that Offer.

Based on the detailed analysis undertaken by Metgasco and its advisor, BurnVoor Corporate Finance, and your Directors' understanding of Melbana's business, your Directors' view is that the Melbana Offer, in its current form, is **wholly inadequate and materially undervalues your shareholding in Metgasco**.

YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU REJECT THE OFFER

In summary, the reasons for your Directors' unanimous recommendation are as follows:

1. THE MELBANA BID, IN ITS CURRENT FORM, IS WHOLLY INADEQUATE AND SIGNIFICANTLY UNDERVALUES YOUR METGASCO SHAREHOLDING:

- i. The offer of four (4) Melbana shares for each one (1) of your Metgasco shares not only represents a **material discount** to the recent trading range of Metgasco's securities, it provides no premium whatsoever for your interest in Metgasco's **highly prospective** projects and opportunities in both the Cooper/Eromanga and Perth Basins, including the **fully free carried** Vali-1 well (**Vali-1**), scheduled to be drilled later this year and Metgasco's two well Perth Basin option which includes the significant Cervantes onshore oil prospect.

- ii. Melbana was required to commission an Independent Expert's Report (**IER**) (for the benefit of Melbana, not Metgasco, shareholders) due to its Chairman, Mr. Andrew Purcell (who was removed as a Director of Metgasco on the 16th April 2018 by a majority vote of shareholders) holding a substantial shareholding in Metgasco through his control of M&A Advisory. This IER, prepared by PKF Melbourne Corporate Pty Ltd ACN 063 564 045 (**Independent Expert**), is included in the Melbana *Notice of Extraordinary General Meeting* released to the ASX on the 10th of September 2019.

Melbana's Independent Expert concluded that the value of the Metgasco shares to be acquired from M&A Advisory under the bid **were above the value range of the consideration** (the Melbana shares) being offered. Melbana's **own independent expert** concluded that the value range of the consideration being offered by Melbana was 4 – 4.4c, while the value range of Metgasco's shares was 4.4 - 5.5c.

- iii. Since the date of the Bidder's Statement, Metgasco has announced (a) a significant increase in the prospective resources at the Vali-1 prospect, (b) a proposed in-specie distribution of 30 million Byron Energy shares to Metgasco shareholders and (c) an increase in the Perth Basin L14 Cervantes Prospect's prospective resources, with an independently assessed value of the L14 farm-in option (once exercised) of \$4.4 - 5.8 million¹.

It is thus the Board of Metgasco's view, that Melbana's bid is wholly inadequate, in its current form, and does not represent fair value for Metgasco shareholders.

2. MELBANA ENERGY SHARES APPEAR TO HAVE LIMITED INTRINSIC VALUE:

Melbana has 3 assets of note, being (i) Block 9 PSC, (ii) the Santa Cruz "project" and (iii) WA-488-P ("Beehive"). Both Block 9 PSC and the Santa Cruz project are located in the Republic of Cuba, with WA-488-P located in offshore Western Australia. The Metgasco Board has great difficulty in ascribing value to these assets in their current state.

i. Cuba Block 9 PSC: Melbana's Key Asset:

Melbana has stated on record that the company *"is currently not in full compliance with its obligations under the PSC it is party to in its Block 9 Tenure in Cuba given the bank guarantee has not been replaced...nor further waiver given"*.²

Melbana has further stated further that *"...it is also unlikely that it could satisfy the remaining work commitments for the current period (1 well) which ends on 1 November 2019"*.

In their Independent Technical Valuation Report of Melbana's Exploration Assets, included in the IER, Fluid Energy Consultants more specifically stated that *"The Directors of Melbana...explained to Fluid that CUPET and the Minister for Mines and Energy have advised that the applications need to be approved by the Council of Ministers who are scheduled to meet in **early September 2019**"*³ (emphasis added).

Approximately six months have lapsed since the April expiry of formal waivers regarding Melbana's compliance obligations under the PSC. Furthermore, we note the limited communication by Melbana to its shareholders and the market on these key matters until very recently.

On the 3rd of October 2019, we wrote to inform shareholders that, after repeated requests for clarification on Block 9 PSC, Melbana had supplied a response to Metgasco that provided little substantive clarity as to the formal status the Block 9 PSC.

¹ See ANNEXURE D

² Melbana Energy ASX release 10 September 2019: Bidder's Statement

³ See Note 2 above

Subsequently, that same day, Melbana issued an ASX release purporting to reassure the market as to the status of its requested amendments to the Block 9 PSC.

Metgasco has concerns with the statement issued by Melbana on the 3rd of October 2019 regarding the amendments to the Block 9 PSC, as follows:

(a) CUPET informed Melbana that it had received approvals to the requested amendments, without stating from what authority it has received these approvals, (b) a lack of clarity surrounding the status of Melbana's guarantee obligations, being a bank guarantee of 50% of the approved budget for the period, (c) the amendments not being formally documented, this being the substantive basis of Metgasco's enquiries of Melbana, (d) the work commitment of one well remaining and Melbana's ability to fund this obligation or find a farm-in partner in time, and (e) the relinquishment of 1% of the Block, resulting in a reduction of approximately 6% of Melbana's total prospective resource (best estimate).

It is the Metgasco Directors' view that, on Melbana's own announcements, the current formal status of Melbana's Block 9 PSC is not definitive and, as such, the Metgasco Board has difficulty ascribing value to this asset in its present state.

ii. **Santa Cruz Incremental Oil Recovery (IOR) Production Sharing Contract (PSC):**

Melbana has indicated there are outstanding commercial issues with the previous Santa Cruz PSC agreement that require further amendments. As stated by Melbana, these amendments *"may impact the scope, timing and nature of the work commitments."*⁴

As a consequence, the Santa Cruz IOR PSC is **not yet in existence** and, if it comes into existence, will require ratification by the Cuban Council of Ministers. It is unclear whether the Santa Cruz project is currently a substantive commercial asset or is rather conceptual in nature.

As there has been no further substantive update to the market regarding the formal status of Santa Cruz, the Metgasco Board has difficulty ascribing value to this asset in its current state.

iii. **WA-488-P (Beehive) prospect:**

On the 2nd of October 2019, the option to drill the Beehive prospect, previously agreed with Santos and Total, expired. On the 3rd of October 2019, Melbana announced it had extended the expiry date of the option. Both Santos and Total now have until the 4th of November 2019 to notify Melbana of their intention to exercise the option to drill the Beehive prospect, to each acquire a 40% interest.

Observant readers may notice that this extension coincidentally pushes the expiry date of the option to well past the current end date of Melbana's bid.

The Beehive prospect in offshore North-Western Australia represents a binary exploration risk to shareholders. If the proposed farm-out does not proceed, it is considered unlikely that Melbana will have the financial capacity to advance the asset itself.

Melbana's own Independent Expert valued Melbana's Beehive prospect at \$0.8 to \$2.1 million on a 100% basis⁵. Metgasco Directors note that offshore reefal carbonate structures are considered challenging from both an exploration and production standpoint.

Furthermore, even if Beehive were to be both farmed out and deliver a positive drilling outcome, Melbana would not be free carried through the appraisal, development and commercialisation process.

⁴ See Note 2 above.

⁵ Melbana Energy ASX release 10th September 2019: Notice of Extraordinary (sic.) General Meeting/Proxy Form

If a commercial development were to be realised, Melbana would be required to fund its equity share of such costs through to first production, which Metgasco estimates to be at least 2 - 3 years away.

Furthermore, Melbana would then be required to repay its carried share of initial first well costs, estimated to be in the range of ~US\$40-60 million gross⁶ (vs. initial award estimates of ~US\$20 million), out of any production revenue. It is unclear how Melbana, even on a success case, would fund itself through this extended period.

It is the Metgasco Directors' view that the granting of a one month extension, considering that Santos and Total executed the farm-in option agreement on the 12th of December 2017, that Melbana announced Beehive drill planning acceleration on the 3rd of December 2018 and further highlighted, on the 14th of June 2019, the further de-risking of the opportunity, provides little real clarity to shareholders as to the commerciality of the Beehive prospect.

While acknowledging the announced extension is in place, the Metgasco Board thus has difficulty ascribing value to Beehive in its current state.

iv. Other Assets:

Melbana's other assets, including Tassie Shoals (a right to develop a methanol plant on a shallow ocean reef, with neither suppliers nor customers contracted) and AC/P50 & AC/P51, were accorded zero value by Melbana's own Independent Expert⁷ and Metgasco does not disagree with that assessment.

For these reasons, it is the opinion of the Metgasco Directors that, besides its disclosed \$3.4m in cash as at 30 June 2019, Melbana has a limited basis from which substantial realisable or ascertainable value can be determined.

Furthermore, the Metgasco Board questions whether, given the current uncertainties that may not be clarified until after the offer period closes, it is possible for Metgasco shareholders to be provided with sufficient substantive information to enable them to assess the merits of the Offer.

3. CLAIMED STRATEGIC AND FINANCIAL BENEFITS ATTRIBUTED TO THE MERGER ARE HIGHLY UNLIKELY TO MATERIALISE:

- i. Claims by Melbana in the Bidder's Statement that a combined group resulting from a successful bid, under Melbana's leadership, will operate at a reduced cost, attract capital more easily or will have a greater capacity to consummate industry transactions are, in the view of Metgasco, wholly unsubstantiated and inconsistent with the performance of Melbana's leadership team.
- ii. Over the last 3 years, **Metgasco** has (a) managed a highly successful staged investment into Byron Energy, (b) participated in three wells, (c) completed two binding farm-out transactions, (d) identified and farmed into, via option, the highly prospective Cervantes opportunity in the Perth Basin and (e) returned \$10.4 million to its shareholders by way of a capital return and share buy backs, with a proposed further \$9.6 million⁸ by way of an in-specie distribution of Byron Energy shares being proposed (as announced on the 1st of October 2019).
- iii. Over the same period Melbana has (i) failed to deliver a substantive farm-out transaction in Cuba, (ii) failed to acquire the Santa Cruz licence block (despite announcing a "binding"

⁶ Melbana Energy ASX release June 14th 2019: Beehive Prospect Further Derisked

⁷ See Note 5 above

⁸ Calculated on the basis of the BYE share price of 32c as at 2 October 2019

agreement regarding “enhanced oil recovery”) and (iii) conducted three dilutive capital raises.

- iv. Melbana’s paid fees to its directors of \$250,000 in the 2019 reporting year and its board met seven times. In the same year Metgasco’s board was paid \$180,000 and met nineteen times.

It is thus the Metgasco Directors’ unanimous view that Melbana’s claimed transaction benefits are wholly unsubstantiated.

4. MELBANA’S PERFORMANCE TO DATE PROVIDES LITTLE FUTURE CONFIDENCE:

- i. Over the last three years Melbana has issued approximately 924.8 million shares, representing a 197% increase in total shares on issue, and raised approximately \$11.0 million from shareholders. Melbana’s current issued capital stands at approximately 1.8 billion shares with 184.2 million options outstanding.
- ii. Over this period Melbana shareholders have experienced a **negative** total return (of approximately -72%).
- iii. The Metgasco Board has concerns regarding Melbana’s outlook as outlined in its Bidder’s Statement, particularly Section 6.2.3, which states “*there can be no assurances that Melbana Energy’s planned business activities will in fact be met without future borrowings or further capital raises and whether or not such funding will be available and on terms favourable to Melbana Energy*”. Given Melbana’s capital structure it appears unlikely further equity issues will be sustainable without future share consolidation or other types of funding initiatives, which may be unfavourable to shareholders.

5. MELBANA’S FUTURE DIRECTION IS UNCLEAR:

- i. Of very serious concern is Melbana’s statement, in Section 6.4.4 of its Bidder’s Statement, that “*new investments may not necessarily take the form of investment in further oil and gas assets, but rather may involve diversification into complementary activities or **potentially new areas of operation***” (emphasis added).
- ii. It is the Metgasco Directors’ unanimous view that Melbana’s Offer, if accepted, risks exposing accepting shareholders to a company with substantial uncertainties, significant risk of further dilutive capital raises and, potentially, a change in the nature and scope of its business through unforeseeable transactions.

Requests by the board of Metgasco to discuss with Melbana (a) various of the above concerns and (b) the bid consideration generally, have, with the exception of extremely limited responses on Block 9 PSC, not been substantively responded to by Melbana’s directors.

6. METGASCO HAS DELIVERED FOR SHAREHOLDERS AND HAS A COMPELLING FUTURE:

- i. Over the last three years, Metgasco has conducted no capital raises, has returned nearly \$10.4 million to shareholders, has conducted numerous on market share buy-backs and generated a 392%⁹ return from its equity investment into Byron Energy. The company has 390.6 million shares on issue with no options outstanding. As at the 2nd of October 2019, the 3-year total return to Metgasco shareholders has been approximately **+10.4%** (source: Bloomberg).

⁹ Calculated based on BYE share price of 32c as at 2 October 2019.

- ii. Prudent financial investment, successful farm-outs and appropriate cost control has ensured that Metgasco is well funded for its near term exploration activities, which will remain solely within the Oil & Gas sector.
- iii. Furthermore, Metgasco has announced its intention to put a resolution to shareholders, for approval at its upcoming 2019 Annual General Meeting, to undertake an additional capital return to shareholders, via an in-specie distribution of 30 million Byron Energy (BYE) shares. Upon the resolution being approved and the distribution proceeding, Metgasco shareholders will receive approximately one (1) Byron Energy share for every thirteen (13) Metgasco shares held at the relevant record date (to be advised).
- iv. Metgasco is free-carried through the drilling of its Vali-1 well (ATP 2021 in the Cooper Basin), with a 25% interest in Gross Recoverable Prospective Resources of 38.1 bcf. It holds 100% of ATP 2020 and is currently working to secure a farm-out partner for this asset. It has farmed-in (via a two well option) for a 60% interest in the highly prospective “Cervantes” prospect in the Perth Basin L14 Western Flank, with partner Jade Energy (RCMA), containing Gross Prospective Resources of 17.4 MMbo mid/P50.
- v. Recently, RISC Advisory Pty Ltd ACN 150 789 030 (**RISC**) completed an independent technical specialist valuation report on Metgasco’s Perth Basin farm-in option, the prospective resources on the Cervantes prospect and the overall value of the L14 farm-in agreement. RISC’s independent technical review has resulted in an increase to the gross P50/mid recoverable prospective resources on the Cervantes prospect of 2.1 MMbo (circa 14%) to 17.4 MMbo. RISC have also provided a valuation range of \$4.4 to \$5.8 million of the farm-in option (once exercised) for the two exploration wells that Metgasco has the right to drill under the farm-in agreement. RISC have calculated the Expected Monetary Value (EMV) of the Cervantes prospect as \$28.4 million (reflecting potential significant value in the event of exploration success). The farm-in deal provides Metgasco with the right to farm-in to a 2nd well in the L14 Licence.
- vi. Metgasco’s portfolio is clear, transparent and can be readily valued. Its exploration permits are all in good standing. The projects and options provide a pathway for potentially substantial value creation for Metgasco shareholders. The company will have a pro forma balance sheet of cash and liquid securities (**after** taking into account the proposed distribution of 30 million Byron shares to our shareholders) in excess of ~\$5.2 million¹⁰, which the Metgasco board believes is sufficient to support the Company’s near term exploration activities.
- vii. Metgasco’s oil & gas assets, which are planned to be explored in 2019/2020, are all located in the Perth and Cooper/Eromanga onshore basins in Australia. Our ongoing leverage to the Gulf of Mexico program of Byron Energy, via a 30% ownership in the SM74 permit, and through our retained Byron shareholding, is attractive and compelling. In addition, the planned in-specie distribution provides **all Metgasco shareholders** with the opportunity to benefit directly from that exposure.

The Metgasco Board believes the Company’s clear and compelling future offers a highly superior proposition than that being offered to you by Melbana.

7. ANDREW PURCELL’S HISTORY AT METGASCO RAISES CONCERNS:

Melbana has asserted to Metgasco that Mr. Purcell, despite holding a ~19.6% shareholding¹¹ in Metgasco, and despite his unfortunate history with the Company, was not engaged with respect to any matter relating to the Offer, other than entering into the pre bid agreement.¹²

¹⁰ Excludes shares in Byron Energy earmarked for distribution to Metgasco shareholders via in-specie distribution, valued at \$9.6 million (value of shares in Byron Energy is based on a closing price of 32c as at 2 October 2019).

¹¹ From the latest Form 603 *Notice of initial substantial holder*. Metgasco ASX release 16th July 2019: *Becoming a substantial holder from MAY*

¹² See Note 2 above

Notwithstanding, were Melbana's bid to succeed, Mr. Purcell, as that company's Chairman and, prospectively, a substantial shareholder, could be expected to wield significant influence over its activities, its direction, and decisions regarding assets that may be retained, disposed of or acquired.

Shareholders should note that, on the 16th of April 2018, Mr. Purcell was removed from the Metgasco Board, by a majority shareholder vote.

These matters are outlined further below, in the body of this Document.

The Directors unanimously believe the above points (1 → 7) are compelling reasons why you should REJECT the offer and TAKE NO ACTION.

We believe there is material upside to your Metgasco investment, largely due to the tireless efforts of CEO Ken Aitken and the Company's Board over recent years in developing and executing on a clear and compelling strategy for the Company.

We firmly believe that this strategic value is not recognised in the wholly inadequate Offer from Melbana.

I urge you to read this Target's Statement in full and to seek any independent financial, legal, taxation or other professional advice that you may require before making a decision as to whether or not to accept the Offer.

Metgasco welcomes shareholder communication and is happy to discuss with you any questions you may have about this Document, the current bid or the Company generally.

You may contact me on +61 (0) 402 091 180, or Mr. Aitken on +61 2 9923 9100. Our email addresses are philip.amery@metgasco.com.au and ken.aitken@metgasco.com.au respectively.

Your Directors will continue to keep investors informed of material developments in relation to the Offer in addition to further news on our significant portfolio of assets. Announcements relating to the Offer can be found at (www.asx.com.au ASX code MEL) or on the Company's website, www.metgasco.com.au.

We thank you for your support.

Sincerely,



Philip Amery
Chairman

For and on behalf of the Board of Metgasco Ltd.

Important Notes

Nature of this Document

This Target's Statement dated 8 October 2019 is given by Metgasco to Melbana and each Metgasco shareholder pursuant to Part 6.5 of Chapter 6 of the Corporations Act, in response to the Offer made by Melbana to Metgasco shareholders to acquire all Metgasco shares pursuant to a Bidder's Statement dated 24 September 2019. This Target's Statement includes all information required by the Corporations Act. You should read this Target's Statement carefully and in its entirety.

Metgasco Shareholder Information Line

If you have any questions in relation to the Offer please call Metgasco's information line on +61 2 9923 9100. Announcements relating to the Offer can be obtained from Metgasco's website www.metgasco.com.au.

ASIC and ASX Disclaimer

A copy of this Target's Statement was lodged with the ASIC and the ASX on 8 October 2019. None of the ASIC, the ASX or any of their respective officers take any responsibility for the contents of this Target's Statement.

Defined Terms and Interpretation

A number of defined terms are used in this Target Statement. Unless the contrary intention appears, the context requires otherwise or words are defined within this Target's Statement, words and phrases in this Target Statement have the same meaning and interpretation as in the Corporations Act.

No Account of Personal Circumstances

This Target's Statement does not take into account the individual investment objectives, financial situation or particular needs of any Metgasco shareholder or any other person. Metgasco shareholders may wish to seek independent legal, financial and taxation advice before making a decision as to whether or not to accept the Offer.

Disclaimer as to Forward Looking Statements

Some of the statements in this Target's Statement are in the nature of forward-looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements are only predictions and are subject to inherent risks and uncertainties, which may not be within the control of Metgasco. These includes changes in risks, circumstances and events specific to the industry, countries and markets in which Metgasco, Melbana or their associated operations operate. Actual outcomes, events or results may differ – possibly to a material extent – from the outcomes, events or results expressed or implied in any forward looking statement in this Target's Statement. None of Metgasco, Metgasco's officers, employees or advisers, any persons named in this document with their consent or any person involved in the preparation of this Target's Statement, makes any representation or warranty (expressed or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes expressed or implied in any forward looking statement in this Target's Statement. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Effect of Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target Statement are subject to the effect of rounding. The actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from those set out in this Target Statement. Any discrepancies between totals in tables or financial statements or in calculations graphs or charts are due to rounding.

Disclaimer as to Melbana Information

The information on Melbana and Melbana Energy shares in this Target's Statement has been prepared using publicly available information and has not been independently verified by Metgasco. Accordingly, Metgasco does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Similarly, this Target's Statement contains references to the Bidder's Statement. Neither Metgasco nor any Metgasco Director takes any responsibility for the contents of the Bidder's Statement or any part thereof. Parts and sections of the Bidder's Statement referred to in this Target's Statement do not form part of this Target's Statement.

Foreign Jurisdictions

The release, publication or distribution of this Target's Statement may, in some jurisdictions other than Australia, be restricted by law or regulation of those jurisdictions. Accordingly, persons who come into possession of this Target's Statement should inform themselves of, and observe, those restrictions. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with laws and regulations outside of Australia.

Diagrams and charts

Any diagrams and charts contained in the Targets Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams and charts is based on information available as at the date of the Target Statement.

Privacy

Metgasco has collected your information from the Metgasco share register for the purpose of providing you with this Target's Statement. The type of information Metgasco has collected about you includes your name, contact details and information on your shareholding in Metgasco. The Corporations Act requires the name and address of Metgasco shareholders to be held in a public register. Metgasco has also provided or will provide personal information about Metgasco shareholders to Melbana in accordance with the Corporations Act and the ASX Settlement Operating Rules. Melbana states in the Bidder's Statement that it may disclose this information to its related bodies corporate and external service providers, and that such confidential information may also be required to be disclosed to regulators, such as the ASIC. If you would like details of information about you held by Metgasco, please contact Link Market Services, Sydney office, via the address set out in the Corporate Directory contained in this Target's Statement.

Metgasco's privacy policy is available at <http://www.metgasco.com.au/privacy-policy>

Risk Factors

In considering this Target's Statement, Metgasco shareholders should be aware that there are a number of risks, general and specific, which may affect the future operating and financial performance of Metgasco and the value of Metgasco shares. Many of these risks are outside the control of Metgasco and the Metgasco Board. There can be no certainty that Metgasco will achieve its stated objectives or that any forward looking statements will eventuate. Additional risks and uncertainties not currently known to Metgasco may have a material adverse effect on Metgasco's business.

Metgasco shareholders should read this Target's Statement in its entirety and carefully consider the outlined risk factors in deciding whether to accept the Offer.

Key Dates:

Announcement of Melbana's intention to make the Offer	15 July 2019
Bidder's Statement lodged and released	On or around 10 September 2019
Offer Period opens	On or around 24 September 2019
Melbana Extraordinary General Meeting Held	14 October 2019
Offer Period closes	24 October 2019 (may be subject to extension)
Melbana Energy Shares issued and allotted to Metgasco shareholders	No later than 21 days after the Offer Period closes (assuming all conditions of the Offer are satisfied or waived)

Your Metgasco Directors unanimously recommend that you

REJECT THE OFFER

Melbana's conditional offer significantly undervalues your shares.

TO REJECT MELBANA'S OFFER

DO NOTHING

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REASONS WHY YOU SHOULD REJECT THE OFFER

Your Directors unanimously recommend that you reject the offer for the following reasons:

1) THE MELBANA BID, IN ITS CURRENT FORM, IS WHOLLY INADEQUATE AND SIGNIFICANTLY UNDERVALUES YOUR SHAREHOLDING:

The Offer is highly opportunistic, wholly inadequate and does not represent fair value to Metgasco shareholders.

i. Fair Value:

The offer by Melbana, in its current form, is wholly inadequate and does not represent fair value. Based on the closing prices of Metgasco (4.5c) and Melbana (0.9c) on 2 October 2019, the consideration being offered by Melbana represents an implied value of 3.6c per Metgasco share, a **20.0% discount to Metgasco's market price**.

Whilst Melbana, in its Bidder's Statement, claims the Offer represents an attractive premium to recent trading levels of Metgasco, on the current metrics outlined above, the Metgasco Board's view is that the takeover value is in fact a **discount of 20.0%** to the current Metgasco share price. It is very unusual for a Bidder to make an offer, whether of scrip or cash, at no effective premium (let alone a discount).

ii. Melbana's own Independent Expert's Report:

Melbana was required to commission an Independent Expert Report (IER) (for the benefit of its shareholders, not Metgasco shareholders) due to the current Chairman of Melbana indirectly holding a substantial shareholding in Metgasco via M&A Advisory Pty Limited (and thus the acquisition, through the bid, of these Metgasco shares, controlled by the Chairman of Melbana, requiring approval by Melbana shareholders pursuant to ASX Listing Rules).¹³

The IER concluded that the value range of the consideration being offered by Melbana was **4.0 – 4.4c**, while the value range of Metgasco's shares was **4.4 - 5.5c**.

While the IER was not an opinion prepared for Metgasco shareholders (but for Melbana shareholders), it clearly implies that the proposed offer **undervalues Metgasco**.

Section 8.6.3 of the Melbana Bidder's Statement states that: "*The Independent Expert concluded that the **value of the Metgasco Shares** to be acquired from M&A Advisory were **above the value range of the consideration** (the Melbana Energy Shares) to be provided for the Metgasco Shares*".

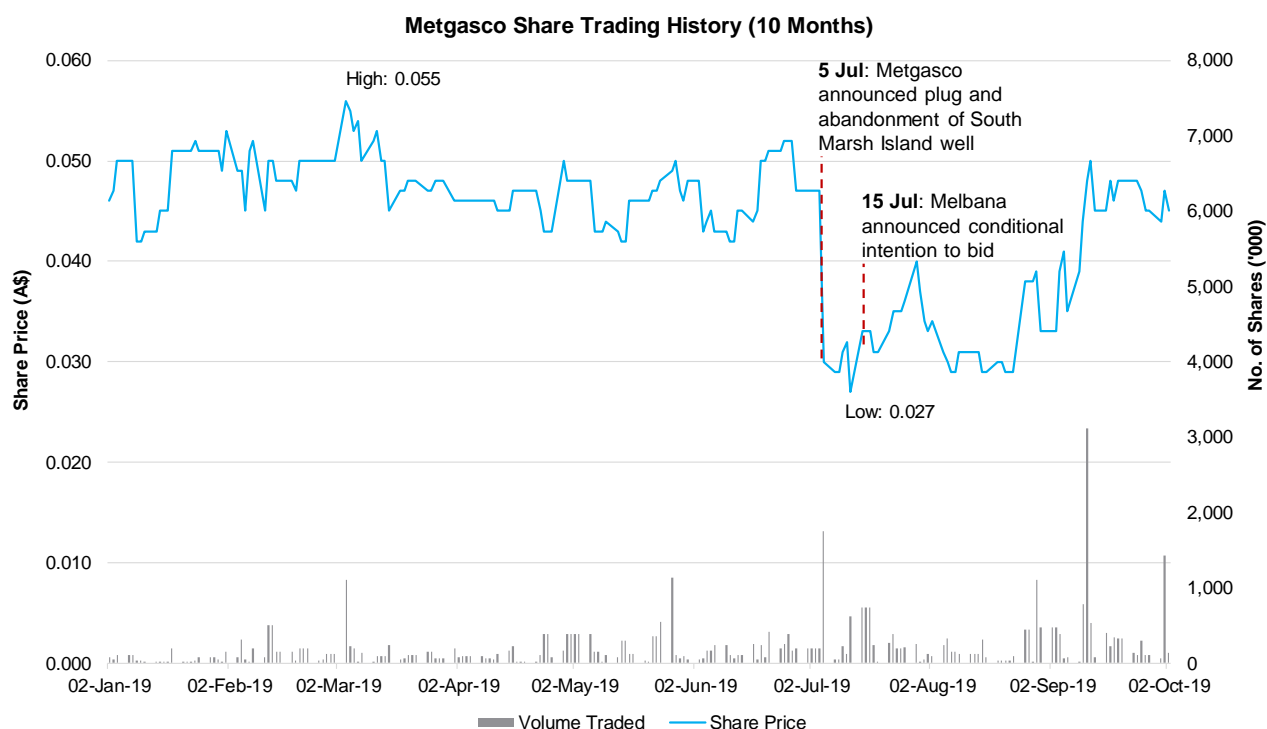
iii. Timing of the bid:

Melbana's bid is opportunistic, as the bid came at a time when the Metgasco share price was at its lowest point during the previous 12 months. On the 5th of July 2019, Metgasco announced that plug and abandonment operations had begun on the South Marsh Island 74 D-14 well. As a consequence, the Metgasco share price fell from its 6-month trading average of 4.7c per share to as low as 2.7c. It was during this time (on the 15th of July 2019) that Melbana announced its takeover bid, with an implied offer consideration of 4c per Metgasco share at the time of the bid, based on Melbana's then closing price of 1c. The offer value has now fallen to 3.6c as at the 2nd of October 2019, based on Melbana's closing price that day of 0.9c.

The effect of the timing of the bid was to inflate the premium purportedly being offered for your Metgasco's shares.

¹³ See Note 5 above.

In Metgasco's view, the references to a bid premium in Melbana's Bidder's Statement are, in substance, potentially misleading. Metgasco has written to Melbana seeking clarification of these representations and has been met with silence.



It is thus Metgasco's view that Melbana's bid, in its current form, is wholly inadequate and does not represent fair value to Metgasco shareholders.

2) MELBANA ENERGY SHARES APPEAR TO HAVE LIMITED INTRINSIC VALUE:

On an intrinsic value basis, the bid appears to offer limited benefit to Metgasco shareholders due to the difficulty in ascribing value to Melbana's assets.

Melbana has 3 assets of note, being (i) Block 9 PSC, (ii) the Santa Cruz "project" and (iii) WA-488-P ("Beehive").

Both Block 9 PSC and Santa Cruz are located in the Republic of Cuba with WA-488-P being located in offshore Western Australia. The Metgasco Board has had great difficulty determining a value for, or ascribing value to, these assets in their current state.

i. Assets of Melbana:

Cuba Block 9 PSC: Melbana's Key Asset:

Block 9 PSC, located onshore in the Republic of Cuba, was awarded to Melbana in 2015 for a 25-year term. Melbana currently holds a 100% interest in the Block.

Block 9 has an 8.5-year exploration period divided into 4 sub-periods, and at the end of each period Melbana has the option to withdraw.

At the beginning of each sub-period a bank guarantee is required to be provided by Melbana, for 50% of the approved budget of that sub-period.

Melbana has fulfilled the first sub-period work requirement which comprised studies and seismic reprocessing.

Sub-period 2, which began in November 2017 and ends in November 2019 required the drilling of one well.

Melbana's compliance with its obligations:

The bank guarantee for the current sub-period is not in place.

Melbana has applied for a one-year extension to Sub-period 2 and for a waiver on the requirement to post a bank guarantee.

As stated by Melbana, the company *"is currently not in full compliance with its obligations under the PSC it is party to in its Block 9 Tenure in Cuba given the bank guarantee has not been replaced...nor further waiver given"*.¹⁴

Melbana has stated that Cuba's national oil company Unión Cuba-Petróleo (CUPET) has advised the company that the applications need to (or needed to) be approved by a meeting of the Council of Ministers who were scheduled to meet in early September 2019.

Approximately six months have lapsed since the expiry of the formal waivers regarding Melbana's compliance obligations under the PSC. Furthermore, we note that there has been limited communication by Melbana to its shareholders and the market on this key matter until very recently. Metgasco believes that allowing a key asset to fall into non-compliance on such essential conditions is concerning and may represent some underlying issue with either the assets, or their management.

On the 3rd of October 2019, Metgasco advised shareholders that, after repeated requests to Melbana for clarification on the formal status of Block 9 PSC, Melbana had supplied a response that provided little substantive clarity. Subsequently, on that same day, Melbana issued an ASX release updating the market on the status of the requested amendments to the Block 9 PSC.

Metgasco has concerns with the statement issued by Melbana on the 3rd of October 2019 regarding the amendments to the Block 9 PSC, these being:

- (a) CUPET informing Melbana that it received the approvals to the requested amendments, without stating from what authority it had received these approvals;
- (b) a lack of clarity surrounding the guarantee obligations, being a bank guarantee of 50% of the approved budget for the period;
- (c) the amendments not being formally documented, particularly that given the substantive basis of Metgasco's request to Melbana had been for it to confirm the formal status of the amendments sought;
- (d) the work commitment of one well remaining and Melbana's ability to fund same, or find a farm-in partner in time; and
- (e) the relinquishment of 1% of the Block, resulting in a reduction of approximately 6% of Melbana's total prospective resource (best estimate).

A challenging regulatory and political backdrop:

Earlier this year, the United States announced it would no longer suspend Title III of the Helms-Burton Act, effective from the 2nd of May 2019. This United States Act authorises private lawsuits for damages against anyone who "traffics" in property confiscated on or after the 1st of January 1959 (the time of the Cuban revolution), without compensation by the Government of Cuba, from persons who at the time were, or have since become, United States nationals.

What this does, in effect, is to open Melbana to the possibility of suit for damages in United States courts if it can be demonstrated that Block 9 PSC, or parts thereof, belonged, previously, to a now U.S. citizen.

¹⁴ See Note 2 above.

While Melbana states “it...does not consider it likely that its interests in Cuba could be subject to a successful claim, let alone enforced were a claim to be successful”¹⁵, the Metgasco Board considers that it is very difficult for this risk to be determined or discounted.

Furthermore, the U.S embargo on Cuba substantially reduces the available pool of potential farm-in partners and reduces Melbana’s access to U.S capital, financing, customers and suppliers.

It is fair to say that the state of U.S/Cuban relations does not appear to be improving.

Past farm-out performance raises serious questions:

In its 2nd of January 2019 ASX announcement, Melbana announced that “it [had] signed a binding definitive farmout agreement with Anhui Modestinner Energy Co., Ltd. (“AMEC”), a wholly owned and guaranteed subsidiary of Anhui Guangda Mining Investment Co. Ltd. (“AGMI”), with respect to its Block 9 Production Sharing Contract (“Block 9 PSC”) in Cuba”

Further, Melbana stated that: “Under the terms of the farm-out agreement, AGMI has **corporately guaranteed the performance** of AMEC which will fully fund 100% of all costs associated with the Block 9 PSC from 1 January 2019, including the drilling of at least three wells” (emphasis added).

Between January and April of 2019 Melbana provided no further updates regarding progress of its operations on the Block 9 PSC, nor the farm-out generally.

On the 26th of April 2019 Melbana issued a 2 page announcement informing the market that it had elected to terminate the farm-out to AMEC as “AMEC...has not satisfied the Conditions Precedent in the Farm-out Agreement... within the time allowed. The Conditions Precedent included Cuban and Chinese regulatory approvals and a milestone related term with respect to any required guarantees”.

The announcement of a binding, definitive farm-out agreement in January 2019, only to have Melbana terminate it some 4 months later, without, apparently, any attempt to enforce a corporate guarantee of performance against the parent company, AGMI, appears unusual.

The Metgasco Board has serious concerns surrounding the substantive nature and terms of the contract announced by Melbana, and the subsequent conduct of Melbana in (seemingly) not enforcing purported guarantees of performance under that contract. In any event, this matter highlights the apparent difficulties Melbana has experienced in securing a reliable farm-in partner for its key asset.

It is the view of Metgasco’s Directors that the formal status of the Block 9 PSC is not definitively known or documented. It also appears that the asset has had a difficult farm-out history and that Melbana will be unable to advance the asset, even once formally secured, without a successful farm-out. Given this position, the Metgasco Board has difficulty ascribing value to this asset in its current state.

The Cuba “Santa Cruz Incremental Oil Recovery” (IOR) Production Sharing Contract (PSC):

The Santa Cruz oil field is located approximately 50km from Havana between Boca de Jaruco and Canasí oil fields and approximately 110 km west of Melbana Energy’s existing Block 9. The Santa Cruz oil field was discovered in 2004 when drilled via a land-based rig with a deviated well out to the offshore structure. It initially tested at 1,250 barrels per day, with oil quality varying from 10° API to 22° API.

¹⁵ See Note 2 above

On the 5th of December 2018, Melbana announced to the ASX that it had “*finalised a **binding contract** with CubaPetroleo, which is subject to standard Cuban regulatory approvals. This provides Melbana with a long term right to share in any enhanced production from the Santa Cruz oil field*” (emphasis added).

On the 22nd of July 2019, Melbana issued an ASX update on Santa Cruz stating “*The approval process for the Incremental Oil Recovery PSC, which was agreed between Melbana and CubaPetroleo in late 2018, has identified some issues that require further commercial clarification. Negotiation of these matters between Melbana and the relevant Cuban parties has commenced.*”

Melbana has indicated that these “outstanding commercial issues” with the previous Santa Cruz PSC agreement require further amendments and these amendments “*may impact the scope, timing and nature of the work commitments.*”

Melbana’s Bidder’s Statement highlights the risk that “*if the regulators declared Melbana Energy in default of their obligation to provide a bank guarantee [on Block 9 PSC] and Melbana Energy were unable to cure these defaults in the time available, it is likely that Melbana Energy would forfeit its interest in Block 9. Should this occur, it is also unlikely that the regulators would grant Melbana Energy a contract for Santa Cruz*”.

Melbana’s own Independent Expert, PKF Corporate, more specifically state that “*Whilst awaiting formal ratification, Melbana and CUPET have identified some commercial issues with the previous agreement that need amending. Proposals for addressing these issues have been discussed and amendments to the previous binding agreement may be necessary, which, therefore, may impact the scope, timing and nature of the work commitments in the IOR PSC. **Thus, the agreement is not yet signed or ratified***”¹⁶ (emphasis added).

As a consequence, the Santa Cruz IOR PSC is **not yet in existence** and, if it comes into existence, will require ratification by the Cuban Council of Ministers.

As there has been no further update to the market, it is the view of Metgasco’s Board that the current status of the Santa Cruz IOR PSC is uncertain. As such, the Metgasco Board has difficulty ascribing value to this asset in its current state.

AC/P50 & AC/P51:

Melbana no longer holds an interest in AC/P50 and AC/P51, as it sold its 55% interest on 22 August 2018 to its joint venture partner Rouge Rock Pty Ltd.

Melbana does however maintain a benefit to the permit if certain conditions are met:

- If Rouge Rock enters into an arrangement in the future for cash, Melbana is entitled to 10% of that cash benefit; and
- If Rouge Rock enters into an agreement in the future that provides for a full or partial carry on a well, Melbana has to right to back-in for a 5% interest after the well is completed.

These assets were accorded zero value by Melbana’s own Independent Expert.¹⁷ The Board of Metgasco does not disagree with that assessment.

¹⁶ See Note 2 above

¹⁷ See Note 5 above

Tassie Shoals:

Melbana, as MEO Australia Limited, was granted environmental approval for the Tassie Shoal Projects (valid to 2052). The project was granted Major Project Facilitation status and this was renewed in 2012. Tassie Shoal is an area of shallow water near significant but as yet undeveloped resources on which Melbana has suggested up to two methanol plants and one LNG plant could be constructed.

Melbana's Tassie Shoal Project conceptually aims to utilise the high CO₂ gas fields in the northern Bonaparte Basin as feedstock to manufacture methanol, which requires carbon dioxide in the gas stream. There are a number of discovered high CO₂ gas fields in the area, including Evans Shoal, Barossa, Caldita, Blackwood and Heron.

At no time has Melbana held any interests in any of the nearby gas fields and there are no announced plans to seek investment to construct such a plant. There do not appear to be any agreements in place with either potential suppliers to, or customers of, such a project.

Furthermore, Melbana has stated that it has plans for an LNG project on Tassie Shoal as a conceptual commercialisation path to LNG for the remote gas resources in the region and this is purported to be a low-cost alternative to Floating LNG (FLNG) or onshore facilities.

Again, there do not appear to be any agreements in place with either potential suppliers to, or customers of, such a project.

These assets were accorded zero value by Melbana's own Independent Expert.¹⁸ The Board of Metgasco does not disagree with that assessment.

Northern Australia: W-488-P (Beehive) prospect:

The offshore permit WA-488-P was granted to Melbana in May 2013, with Melbana currently holding a 100% interest. The permit contains the Beehive prospect, which is an undrilled and untested oil prospect with a stated prospective resource of 388 MMboe on a best estimate basis. In December 2017, Melbana announced that it had executed a seismic funding and farm-in option agreement with Total and Santos which provided for Total and Santos to fully fund 100% of the cost of a 3D seismic survey over the Beehive Prospect.

In turn, Total and Santos were granted an option to acquire an 80% interest in the permit if they elect to drill a well in W-488-P. Either party is able to exercise its option for 40% interest with either party having the right to take up to 80% in the event the other does not exercise its option.

In the event of a commercial discovery, Melbana would repay carried funding from its share of cash flow from the Beehive field. Melbana would have no re-payment obligations for such carried funding in the event there is no commercial discovery and development in WA-488-P.

Santos and Total had until the 2nd of October 2019 to elect to drill the Beehive-1 exploration well which is estimated by Melbana to be in the cost range, on a gross basis, of US\$40-60 million. Melbana, on the 3rd of October 2019, elected to extend the option expiry date. The two companies now have until the 4th of November 2019 to notify Melbana of their intention to exercise their options to each acquire a 40% interest in WA-488-P.

Metgasco believes there are four potential outcomes that could arise for Melbana:

- Santos and Total jointly, or one party to the full 80%, elect to drill the Beehive prospect and free carry Melbana's 20% interest;
- Only one party elects to drill the Beehive prospect to its 40% commitment. This party would then be granted a new option to acquire an 80% interest, exercisable 1 month

¹⁸ See Note 5 above

from November 4 2019)¹⁹. Presumably that party, alone or jointly with Melbana, could introduce new parties to the project;

- Only one party elects to drill the Beehive prospect to its 40% commitment, requiring Melbana to fund the remaining interest, estimated at US\$24-36 million; and
- Neither party elects to drill the Beehive prospect. In this circumstance Melbana would retain its 100% unencumbered interest. If Melbana were unable to introduce a new partner to meet the drilling commitment due 21 December 2020, it is unlikely that it will meet the commitment, and should it be unsuccessful in gaining regulatory approval to defer the commitment, it would likely lose title to WA-488-P.

In the Metgasco Board's view, a positive farm-in decision on Melbana's Beehive prospect could be positive for the Melbana share price, however it is unclear whether this would be sustainable, for the following reasons:

- i. Beehive, if successful, would be, on Metgasco's understanding, the first offshore reefal carbonate oil field to be developed in Australian waters. It is Metgasco's view that there are significant risks associated with predicting the percentage oil recovery, development costs and production rates from these types of reservoirs.
- ii. Furthermore, Metgasco estimates that the shortest period from discovery to production, in the event of a successful well, would be a two to three-year approval, development and commercialisation period, through which Melbana would be required to fund its share of ongoing costs, such as further drilling, capital costs and operating expenses (along with, of course, its own corporate expenses and expenditure on any other assets or activities).

It is the view of the Metgasco Directors that the granting of a one month option extension, considering that:

- i. Santos and Total executed the farm-in option agreement on 12 December 2017;
- ii. Melbana announced a Beehive drilling planning acceleration on 3 December 2018; and
- iii. Melbana highlighted on 14 June 2019 the further de-risking of the opportunity;

seems unusual and provides very limited clarity to shareholders as to the commercial status of the Beehive prospect.

While acknowledging the announced extension is in place, the Metgasco Board has difficulty ascribing value to this asset in its current state.

For these reasons, it is the opinion of Metgasco's Directors that, besides Melbana's disclosed \$3.4 million in cash as at 30 June 2019, there is a limited basis from which substantial realisable or ascertainable value for Melbana's shares can be determined.

These shares are what is being offered to you as consideration under the bid.

¹⁹ Melbana ASX release 3 October 2019 states: "Total and Santos now have until 4 November 2019 to notify Melbana of their decision with regards to the exercise of their options. The options therefore now expire on 4 December 2019"

3) CLAIMED STRATEGIC AND FINANCIAL BENEFITS ATTRIBUTED TO THE MERGER ARE HIGHLY UNLIKELY TO MATERIALISE:

Claims by Melbana that a combined group resulting from a successful bid, operating under Melbana's leadership, will operate at a reduced cost, attract capital more easily or will have a greater capacity to consummate industry transactions are, in the view of the Metgasco Board, unsubstantiated.

Purported benefits of the combined group resulting from the bid succeeding:

In its Bidder's Statement Melbana argues that the combined group will provide Metgasco shareholders with:

- An interest in a larger and more geographically diversified company;
- Potential for material growth resulting in economic benefits which may not be available to Metgasco individually;
- Key strategic and financial benefits including the creating of a more diverse and robust portfolio of opportunities to increase the value of the group;
- A larger oil and gas company, with a broader and more diverse shareholder base, better positioned to access capital markets for fundraising purposes, attract major oil and gas companies as potential project development partners and withstand delays and unforeseen risks;
- Leverage to the experience of Melbana's board and technical team to explore and appraise Metgasco's assets; and
- the ability to take advantage of synergies and cost savings being primarily sourced from increased operation efficiencies and elimination of duplicated corporate, administrative and technical costs.

The Metgasco Board addresses each purported benefit below.

i. "A larger and more geographically diversified company":

Whilst the assets will be combined, Metgasco does not view Melbana's assets (with the possible exception of Beehive in the event of a full near term farm-out) to have significant ascertainable value, particularly in consideration of the current status of Melbana's key Cuban asset (discussed above).

As discussed in Section 4, if the bid were successful, there would be an estimated 3.44 billion Melbana shares on issue, which in Metgasco's view, represents an undesirable capital structure.

ii. "Potential for material growth":

It is the Metgasco Board's view, based on its analysis of Melbana (discussed above), that the assets in a combined portfolio likely provide the clearest near term growth opportunities to shareholders (with the possible exception of Beehive), **are already held by Metgasco.**

Metgasco's assets and growth opportunities are discussed in more detail in Section 6.

iii. "A more diverse and robust portfolio of opportunities":

As noted above, it is the view of Metgasco that the assets in a combined portfolio likely to create the clearest near term growth opportunities for shareholders are the ones it already owns.

By way of example, the onshore Cooper Basin assets, with highly attractive gas prices and multiple gas and oil prospects and leads, as well as the onshore Perth Basin option asset's significant oil exploration potential, offer rapid commercialisation on discovery and significant upside value.

Conversely, Melbana's exploration assets are either offshore, or in a challenging jurisdiction, and will incur relatively high exploration and development costs, as well as longer timeframes to commercialisation, should they enjoy drilling success.

iv. “A larger oil and gas company, with a broader and more diverse shareholder base, better positioned to access capital markets and attract major oil and gas companies and withstand delays and unforeseen risks”:

Over the past 3 years, Melbana has diluted shareholders by conducting three capital raises, issuing shares and options to directors and executives as well as resolving a commercial dispute via the issuance of shares. During this time Melbana has issued in excess of 924.8 million shares and presently has 184.2 million options outstanding. Approximately \$11.0 million was raised over this period and Melbana increased its shares on issue by ~197% to ~1.9 billion.

Over approximately the same period Metgasco has conducted no capital raises, delivered a 2.5c per share capital return and undertaken share buy-backs. In addition, as announced on the 1st of October 2019, Metgasco proposes to return approximately \$9.6 million²⁰ to its shareholders via an in-specie distribution of 30 million Byron Energy shares currently held by the Company.

Furthermore (with the exception of Beehive) Melbana has had limited success attracting oil and gas companies as potential development partners.

v. “Leverage the experience of Melbana's board and technical team to explore and appraise Metgasco's assets”:

Since 2016, Melbana's board and technical team have focused on the same set of assets with limited substantive progress (with the exception of Beehive).

Within the last 12 months, Metgasco's team has arguably achieved more with regards to participation in exploration wells, attracting quality farm-out partners and appraising and farming-in to new areas of opportunity than Melbana has within the preceding three year period.

It is unclear to Metgasco how Melbana can claim that its board and technical team is superior to that of Metgasco's, or can substantially add expertise in relation to the current assets of Metgasco.

vi. “Ability to take advantage of synergies and cost savings being primarily sourced from increased operation efficiencies and elimination of duplicated corporate, administrative and technical costs”:

While it is, of course, technically true that a combined entity may remove duplication of certain corporate, administrative and technical costs, what matters in substance is the approach to costs within each organisation.

Currently Melbana has a Board of three directors. The remuneration for the Non-Executive Chairman, Executive Director and Non-Executive Technical Director is set at \$100,000, \$75,000 and \$75,000 respectively. A share based payment of \$6,874 was also made. During FY 2019, the Board of Melbana met seven times.

Metgasco's Board currently also has 3 directors. The remuneration for the Non-Executive Chairman and the two Non-Executive Directors is set at \$60,000, \$60,000 and \$50,000 respectively. During FY 2019, the Board of Metgasco met nineteen times.

²⁰ Estimated based on BYE's closing share price of 32c as at 2 October 2019.

Over the past three years Melbana spent a total of \$0.9 million²¹ on staff costs and a total of \$4.4 million²² on overheads. In the same period, Metgasco expensed similar levels of staff costs and \$3.2 million in overheads.

For the above reasons, it is the opinion of Metgasco's Directors that the purported benefits claimed in the event of bid success are unsubstantiated.

4) MELBANA'S PERFORMANCE TO DATE PROVIDES LITTLE FUTURE CONFIDENCE:

Over last three years, under the leadership of its current board, Melbana has issued approximately 924.8 million shares raising approximately \$11.0 million and has delivered a negative 71.9% total return to its shareholders.

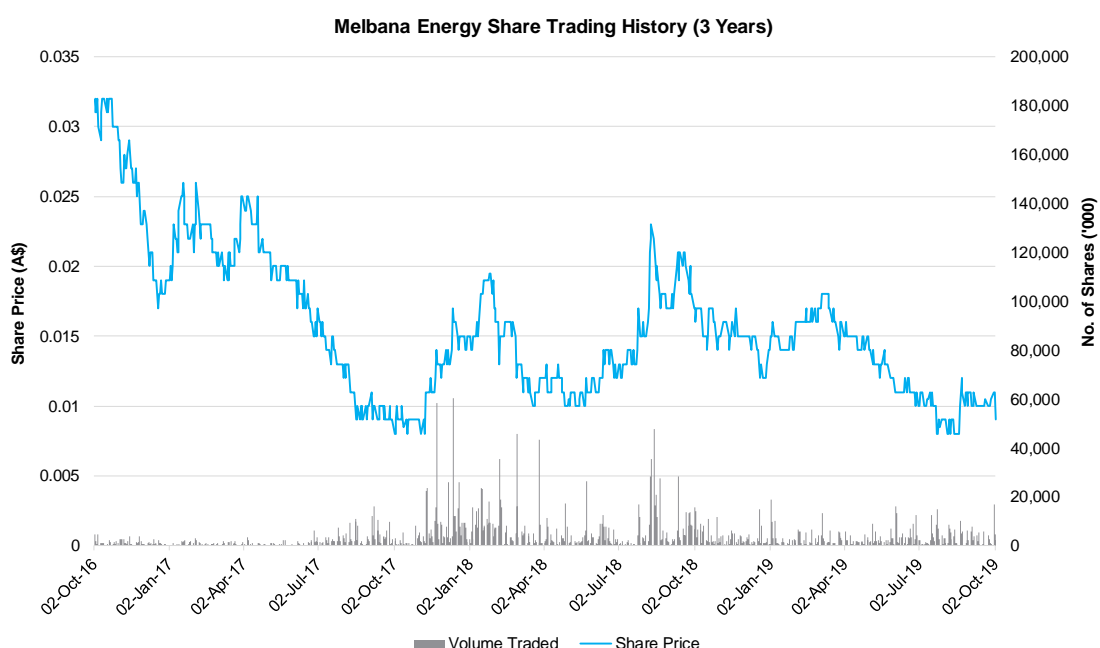
Melbana's delivery over the last three years:

During the tenure its current directors, over the past three years, Melbana has:

- Expended an aggregate amount of approximately \$7.3 million on exploration activities on various Melbana oil and gas project interests yet has failed to advance any of those interests to a level of sustainable production or even the drilling of an exploration well;
- Conducted significant and dilutive capital raises, issuing in excess of 924.8 million shares, raising an estimated total of \$11.0 million before costs;
- To date, failed to raise sufficient funds to enable it to participate, on its own account, in the drilling or either Block 9 PSC or its WA-488-P interest; and
- Failed to enter into substantively binding farm-in/joint venture arrangements in respect to any of its oil and gas project interests, which will likely to result, unless such arrangements can be made, in Melbana having no alternative but to relinquish its interest in those projects.

i. Shareholder outcomes – Melbana:

On a total return basis, the 3-year return to shareholders of Melbana shares to the 2nd of October has been -71.9%.



²¹ Source: Company filings; This figure includes a "One off redundancy payment" made in Q3 CY2018

²² Source: Company filings

ii. Capital Structure and Capital Raising History of Melbana:

As at the date of this Target's Statement, Melbana had on issue 1.9 billion fully ordinary shares, with unissued shares under unlisted options and performance rights of 184.2 million.

In the past 3-year period Melbana has conducted three dilutive capital raises with no real appreciable value increase being achieved for shareholders.

Over that period, Melbana issued in excess of 924.8 million shares through placements and the exercise of unlisted options and performance rights. The issuances, summarised in Table 1, were primarily undertaken to support Melbana's Cuban exploration activities, repay creditors and remunerate employees and executives.

The 924.8 million additional shares issued represents an increase of 197% in Melbana's total shares on issue over the past three years.

The Metgasco Board notes that, should Melbana be successful in its bid for Metgasco and acquires 100% of its shares, the estimated number of shares on issue will be 3.44 billion.

The table below highlights the capital raises conducted and the primary reasons given.

Table 1: Issuance of shares by Melbana Energy since October 2016²³:

Capital Raising History	Date	No. of New Shares Issued (M)	Issue / Exercise Price (cents)	Funds Raised (\$M)
Placement with attaching options and Non-renounceable Entitlement Offer to fund Cuban drilling preparation related activities, corporate costs and general working capital	Aug-17	520.7	1.0	5.2
Placement to fund working capital for New Zealand and Cuban operations	Dec-17	150.0	1.4	2.1
Placement with attaching options to fund preparations for Block 9 drilling and evaluation of Santa Cruz	Sep-18	194.4	1.8	3.5
Total		865.2		10.8
Placement to Petro Australis Ltd. for settlement of dispute	Dec-17	20.8	n/a; Melbana settled the dispute with Petro with \$50,000 cash and 20.8 million shares	
Exercise of unlisted options	Aug 18 Sep 18	10.0	2.0	0.2
Exercise of performance rights	Aug 17 Jul 18 Jul 19	28.9	nil	nil
Total		924.8		11.0

²³ Source: Company filings

Table 2: Melbana's unissued shares under unlisted options and performance rights as at 2 October 2019²⁴:

Unissued shares under options / rights	Grant Date	Expiry Date	Shares under options / rights (M)
Unlisted options exercisable at 6.5 cents per share	3-Nov-16	3-Nov-19	4.0
Unlisted options exercisable at 3.2 cents per share	28-Mar-17	27-Sep-20	8.3
Unlisted options exercisable at 1.8 cents per share	23-Nov-17	23-Nov-20	20.0
Unlisted options exercisable at 3.2 cents per share	23-Nov-17	27-Sep-20	3.0
Performance rights exercisable at nil consideration	10-May-18	30-Apr-21	4.2
Unlisted options exercisable at 2.2 cents per share	13-Aug-18	4-Aug-20	80.0
Unlisted options exercisable at 3.0 cents per share	27-Sep-18	27-Mar-20	62.9
Unlisted options exercisable at 3.0 cents per share	21-Nov-18	27-Mar-20	1.9
Total unissued shares under options or rights			184.2

iii. Unusual financing arrangements causing further options issuance:

As announced to the market on 19th of April 2018, Melbana executed a loan facility agreement, for US\$2.5 million, with “Trans Asia Private Capital Limited, in its capacity as Manager, for and on behalf of Asian Trade Finance Fund 2, a sub-fund of TA Asian Multi-Finance Fund”.

Some of the key terms of the loan were “*Granting of first ranking security*” and “*A personal guarantee from Melbana’s Chairman, Mr Purcell, in favour of the lender*”.

In exchange, subject to shareholder approval, the non-conflicted members of the Board decided to compensate Mr Purcell for providing the personal guarantee by issuing 80 million options at a strike price of 2.2 cents to him.

It is the view of the Metgasco Directors that it is unusual for public company directors to provide personal guarantees in relation to corporate financings, particularly when those financings are first ranking against the assets of the company and are, as such, a direct liability of the public company itself.

Furthermore, it seems unusual for a substantial options package to be granted to a public company officer in return for providing such a guarantee, given that it would be expected that officer would benefit, in usual practice, from a general indemnity from the company.

Metgasco notes that the loan in question appears to have been discharged by Melbana undertaking a later share issuance.

5) MELBANA’S FUTURE DIRECTION IS UNCLEAR:

Section 6.4.4 of Melbana Bidder’s Statement notes that “*new investments may not necessarily take the form of investment in further oil and gas assets, but rather may involve diversification into complementary activities or potentially new areas of operation.*”

This statement is of concern to the Board of Metgasco, as it indicates, in the Metgasco Board’s view, that Melbana’s Offer, if accepted, may expose Metgasco shareholders to, potentially, a change in the nature and scope of Melbana’s business through unforeseeable business transactions.

²⁴ Source: Company filings

6) METGASCO HAS DELIVERED FOR SHAREHOLDERS AND HAS A COMPELLING FUTURE:

OVER THE PAST 3 YEARS THE METGASCO BOARD HAS LAID THE FOUNDATIONS FOR A COMPELLING AND VALUE ACCRETIVE FUTURE FOR ITS SHAREHOLDERS.

i. Metgasco - Management team delivery over last three years:

The Metgasco Directors were appointed in 2015, 2016 and 2018 respectively. During the last three-year tenure of its Directors, Metgasco has:

- Expended an aggregate amount of approximately \$10.5 million on exploration activities on various projects in the Cooper Basin (Frey-1) and USA GOM (Bivuoac Peak and SM74);
- Provided a return of capital of 2.5c per share to shareholders in 2018;
- Not diluted shareholders through capital raisings;
- Achieved a return on investment of 392%²⁵ on its financial investment in Byron Energy (taking into account options exercised, disposals and excluding loan interest).

Over the past three years Metgasco has had demonstrated effective capital management and delivered shareholder returns of +10.4% on a total return basis (source: Bloomberg).

The Company's CEO, Mr. Ken Aitken, has over 34 years of international and domestic experience in onshore and offshore oil and gas developments.

Ken, along with the Metgasco Board, has focused on three specific areas, being the Cooper Eromanga Basin, the Byron Energy GOM JV interest and new corporate transactions. With this focus and timeframe, Metgasco has achieved significant outcomes for its shareholders.

Cooper/Eromanga Basin achievements:

- ATP 2021 and ATP 2020 prospectivity was reviewed and a farm out process initiated;
- Two 3D defined gas prospects were identified by the Metgasco sub-surface team. On the 26th November 2018 Metgasco announced 100% owned best/P50 recoverable prospective resources of 27.7 bcf (Vali 19 bcf and Odin 8.7 bcf);
- A number of shallow oil leads were identified in ATP 2021 with seismic reprocessing underway to identify prospects;
- Metgasco announced on October 1st 2019, Vali best/P50 gross recoverable prospective resources of 38.1 Bcf, being a 100% increase on the Vali resource announced in November 2018;
- Metgasco has a ATP2021 25% interest remaining and is free carried on the Vali 1 exploration. The JV has signed a rig contract and drilling is planned for late Q4 CY 2019;

Byron Energy GOM JV outcomes:

- Metgasco entered into staged investment and farm-in deal with Byron Energy in June 2016;
- The Company farmed into the Weiss Adler 1 well in 2018, which was unsuccessful;

²⁵ Calculated based on BYE share price of 32c as at 2 October 2019.

- The Company received final repayment of its loan from Byron and converted \$2 million of its debt facility into Byron Energy shares on attractive terms;
- Metgasco took up a 30% interest in the SM74 D 14 well in May June 2019, which found only uncommercial quantities of hydrocarbons, necessitating a commercial settlement with Byron Energy in respect of certain well cost overruns;
- The Company exercised 10 million options at 25c becoming circa 7.1% shareholder in July 2019; and
- Metgasco maintains significant exposure to Byron's Gulf of Mexico portfolio through its substantial Byron Energy equity ownership.

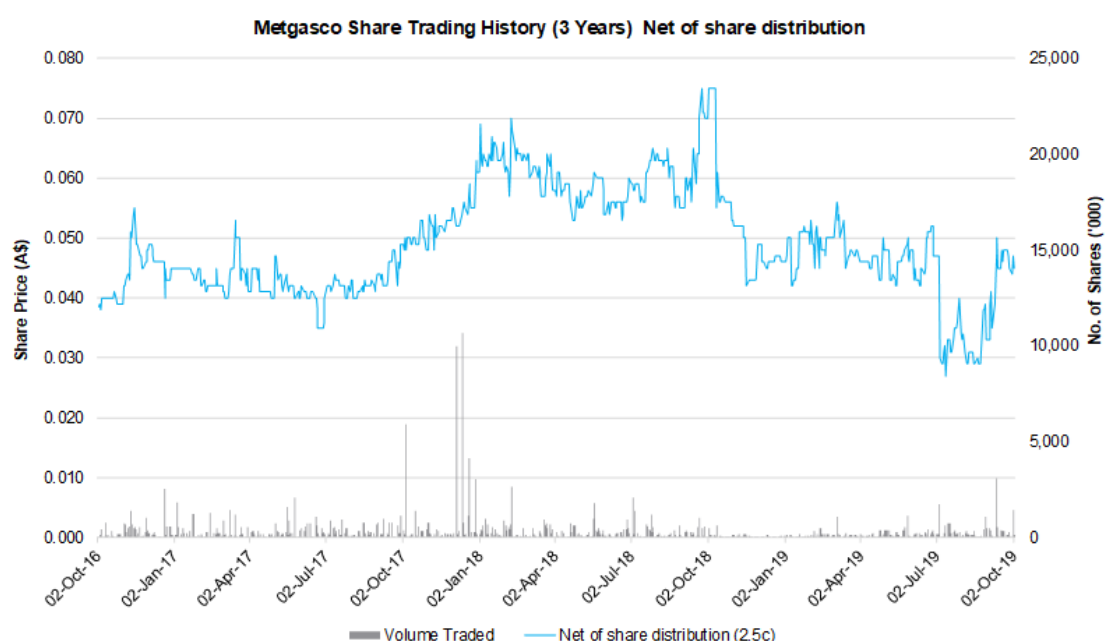
Perth Basin developments:

- A Perth Basin Western Flank exploration farm-in option deal was executed with Jade Energy (RCMA), with deal terms allowing up to two exploration wells to be drilled by paying 100% of well costs for 60% licence interest (September 2019);
- 3D seismically defined Cervantes and Western Brush prospects were calculated to have gross recoverable P50 prospective resources of 15.6 MMbo;
- The RISC Independent Report calculates P50 gross recoverable prospective resources on Cervantes of 17.4 MMbo, a 14% increase on previous Metgasco estimates.
- Metgasco consider that RISC's independent report confirmed the significant prospectivity and commercial attractiveness of the Cervantes oil prospect; and
- A Data room has been opened and discussions are underway to farm-out up to ½ of Metgasco's 60% (currently optioned) interest.

ii. Return to Shareholders – Metgasco:

As at the 2nd of October 2019, the three year total return to Metgasco shareholders, inclusive of distributions, has been +10.4%. In comparison, Melbana shares generated a -71.9% return over the same period. (source: Bloomberg).

Figure 1: Metgasco Share Trading History over the past 3 years (graph takes into account 2.5c per share distribution in 2016):



iii. Capital Structure and Raising History of Metgasco

As at the date of this report Metgasco has on issue 390.6 million fully paid ordinary shares, with no outstanding options.

In the past 3 years, Metgasco has not conducted any capital raisings and has delivered returns to shareholders by way of a 2.5c per share capital return and on market buy-backs of shares. Excluding the proposed future in-specie distribution of Byron Energy shares recently announced, Metgasco has returned \$10.4 million to shareholders by way of capital return and share buy-backs since 2016.

Table 3: Share buy-backs and Capital Return undertaken by Metgasco, (past three years):

Buy-back / Capital Return	No. of shares	Price (cents)	Total \$
Capital Return	398,465,960	2.5	9,961,649
On market buy-back (commenced 16 May 2018)	7,863,389	5.9	462,234

Table 3 does not include the in-specie distribution of Byron Energy shares which was announced to the market on 1 October 2019. The distribution represents a further implied value of 2.5c²⁶ per Metgasco shares for the Company's shareholders.

Assets of Metgasco:

Onshore Perth Basin - L14 Western Flank:

In September 2019 Metgasco signed an exploration farm-in agreement with Jade Energy Holdings subsidiary RCMA Australia Pty Ltd ("RCMA") in the Western Flank area of the Perth Basin. Metgasco secured the right (exercisable by the 15th of November 2019) to drill one exploration prospect in the L14 Western Flank in the period to Q3 CY2020. With this commitment to drill to the High Cliff Sandstone, Metgasco, by paying 100% of well costs, earns a 60% equity interest in commercial discoveries associated with the prospect drilled.

The Metgasco technical team identified the Cervantes structure as potentially one of the largest undrilled onshore oil prospects in the Perth Basin (Gross P50/Best OOIP 35mmmbbl and P50/Best recoverable resources of 15.4 MMbo) with geological similarities to the nearby Hovea, Jingemia and Waitsia discoveries.

RISC has subsequently completed an independent specialist valuation report on Metgasco's farm-in agreement and prospective resources for the Cervantes prospect as well as the overall value of the L14 farm-in agreement.²⁷

RISC's independent technical review has resulted in an increase in the recoverable prospective resource on the Cervantes prospect of 2.1 MMbo (circa 14%), to 17.4 MMbo.

RISC have provided a valuation range of \$4.4 to \$5.8 million for the two exploration wells that Metgasco has the right to drill under the farm-in agreement (assuming option exercise). RISC have also calculated the Expected Monetary Value (EMV) of the Cervantes prospect as \$28.4 million. The Expected Monetary Value is the risked NPV of the Cervantes prospect minus the cost of a dry hole. It reflects the potential significant value of this asset in the event of exploration success and should not be read as a standalone measure of value.

Metgasco intends to drill the Cervantes prospect by the end of Q3 of CY 2020. The company is currently conducting a farm-out process for up to 50% of its interest (30% interest on a gross basis) in exchange for 50% of the well cost. To date there has been significant interest from quality companies in the opportunity.

²⁶ Calculated based on a distribution ratio of 1 BYE share for every 13 MEL shares and a closing price of 32c per share for BYE shares as at 2 October 2019.

²⁷ See ANNEXURE D

Metgasco has been seconded as exploration project manager by L14 operator RCMA due to the significant expertise and experience its management possesses in licence planning and drilling of exploration wells in L14 and the wider Perth Basin.

Metgasco may, with the first well committed, elect to drill one further well on the same terms on a single remaining uncommitted prospect in the L14 licence area (uncommitted at time of Metgasco firm commitment), with that right being exercisable between April and December 2020.

Cooper/Eromanga Basin – Metgasco interests in Three Licences:

i. ATP 2021 (25% WI) - Awarded 2017:

In Q4 of CY 2018, the Company initiated a farm-out process for its ATP 2021 asset. The process was successful, resulting in Metgasco achieving a free carry on the Vali-1 well via successful farm-outs to Vintage (operator and 50%) and Bridgeport (25%). Both companies have considerable Cooper/Basin expertise, increasing the Company's confidence regarding the potential of ATP 2021.

Details of the respective farm-out agreements are as per below:

- On the 22nd of May 2019 Metgasco executed a Heads of Agreement with Vintage Energy Ltd (ASX:VEN) (Vintage) to farm-out 50% and operatorship of its Cooper-Eromanga Basin asset ATP 2021. The Farm-Out Agreement terms provides for Vintage to fund 65% of the first exploration well drilled, reimburse 65% of past licence costs and 100% carry a 2D/3D seismic reprocessing project.
- In August 2019 Metgasco executed a further binding Farm-Out Agreement with Bridgeport (Cooper Basin) Pty Ltd. The Farm-Out Agreement terms provide for Bridgeport to fund 32.5% of the first exploration well drilled and reimburse Metgasco's share of future exploration costs in relation to ATP 2021 up to a maximum cap of \$812,000 gross (\$263,900 net).

The gas exploration well Vali-1 is planned to spud in Q4 of 2019.

As noted in Metgasco's 1st of October 2019 ASX announcement, Operator Vintage Energy's sub-surface studies have calculated gas prospective recoverable resources to be gross P50/Best 38.1 Bcf. (net to Metgasco: 9.5 Bcf).

Vintage's work has increased previous P50 recoverable resource estimates calculated by Metgasco by ~100%. The ATP 2021 licence also has significant further exploration prospectivity via the 3D defined Odin gas prospect and a number of shallow oil leads, to be ranked after 2D/3D seismic re-processing.

ii. ATP 2020 (100% WI) - Awarded 2017:

This licence has multiple exploration targets with oil and gas potential, close to infrastructure.

In Q4 of CY 2018 a farm-out process was initiated. To assist with the process seismic data was re-processed in mid-2019. Metgasco has identified the Loki lead which has sizable unrisks gas (17 Bcf OGIP) and oil (13 mbbbl OOIP) target potential.

The farm-out process continues with a number of interested parties.

iii. PRL 237 (20% WI) - Awarded 2017:

Metgasco farmed into to the licence gaining 20% working interest by funding 30% drilling cost of the Frey-1 exploration well. The joint venture focus is expected to be on the Dalray updip oil prospect.

In summary, within the next twelve months drilling is expected to be carried out on at least two material onshore exploration wells, the Vali-1 well in the Cooper (free carried) and the Perth Basin Cervantes prospect in L14 (30—60% depending on the result of the farm-out and upon option exercise).

If the wells are commercially successful, both can be commercialised within three to six months of discovery, allowing Metgasco to pivot to potentially become a substantial and profitable producer.

US Gulf of Mexico & Holding in Byron Energy (ASX:BYE):

In June 2016 Metgasco entered into a staged investment into Byron Energy which allowed for farm-in rights to their USA Gulf of Mexico (GOM) licences. Metgasco farmed-in to two Byron Energy exploration wells which were:

i. Bivouac Peak:

During September – October 2018 Bivouac Peak was drilled with Metgasco paying 20% of the dry hole cost to earn 10% working interest. The well was unsuccessful and consequently plugged and abandoned.

ii. SM74:

During May – July 2019 SM74 was drilled with Metgasco paying 40% of the costs to earn a 30% interest. The well discovered hydrocarbons, however in uncommercial quantities, and was therefore plugged and abandoned. As a result of the farm-in Metgasco now has a 30% licence interest in the SM74 prospect area.

Metgasco finalised its financial exposure to the SM74 drilling program costs by paying the operator (Byron Energy) \$1.75 million on a capped basis and exercising its 10 million options in the operator at \$0.25.

iii. Byron Energy Holdings

In June of 2016 Metgasco entered into a staged financial investment and farm-in deal with Byron Energy Limited.

The key aspects of the transaction were:

- An \$8m loan was advanced to Byron Energy by Metgasco, secured on the SM 71 project development;
- Equity participation rights;
- The grant to Metgasco of 10 million, 3 year unlisted options over Byron Energy shares, with an exercise price of 25c;
- An option to Metgasco to acquire a 10% Working interest in Byron's Bivouac Peak; and
- Further opportunities to participate in Byron Energy exploration projects during the term of the loan.

In 2017 Metgasco took up its rights in Byron's capital raising at that time, at 7c per share.

Byron's loan was fully repaid with interest in early 2019. Metgasco elected to convert \$2m of the loan balance into Byron shares.

Metgasco currently holds 42.3 million shares in Byron Energy with an estimated value of \$13.6 million (at 32c p/s), a shareholding of ~6.0%. As demonstrated by recent 18 September 2019 share sale of 8 million shares by Metgasco for a total realisation of \$2.7 million, the Byron Energy shares are able to be readily monetised.

The recent SM58 discovery on Byron's 100% owned licence in the Gulf of Mexico was viewed positively by the market, with a resultant increase in Byron's share price and consequently the value of Metgasco's shareholding.

Metgasco's financial investment into Byron Energy has delivered an approximately 392%²⁸ return on investment (taking into account options exercised, disposals and excluding loan interest).

On the 1st of October 2019, Metgasco announced that 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, being approximately one (1) BYE share for every thirteen (13) MEL shares held at the record date*".

At the Byron share price at close of trading on the 2nd of October 2019, this represents a distribution of approximately 2.5c per Metgasco share of implied value.

With ~\$1.3 million in cash and liquid investments of ~\$3.9 million²⁹ in the form of Byron shares, after completion of the proposed in specie distribution, Metgasco expects to be appropriately funded to pursue its near term exploration activities.

7) ANDREW PURCELL'S HISTORY AT METGASCO RAISES CONCERNS:

The Metgasco Board makes no imputations regarding Mr Purcell's character or his other corporate activities.

We do however believe it is appropriate to bring to Metgasco shareholders' attention the basis on which he was removed as a Director from the Metgasco Board in 2018, by way of a majority vote by the Company's shareholders.

Melbana has asserted that Mr. Purcell, despite holding an 19.6%³⁰ shareholding in Metgasco and despite his prior history with the Company, is uninvolved in Melbana's bid and was not aware of it until immediately prior to it being announced.

However, were Melbana's bid to succeed, Mr. Purcell, as Chairman of, and, as a result of the bid succeeding, a substantial shareholder in, Melbana, could be expected to wield significant influence over Melbana's activities, its future direction, and decisions in relation to assets that may be retained, disposed of or acquired.

Shareholders should note that in 2018 Mr. Purcell was removed from the Board of Metgasco by a majority shareholder vote.

As outlined in the *Explanatory Memorandum* accompanying Metgasco's *Notice of General Meeting and Proxy Form*, announced to the ASX on the 9th of March 2018, this followed a resolution by all the then Directors of Metgasco (with Mr. Purcell abstaining) that they "*had lost confidence in the ability of Mr. Purcell to act as a director of the Company in the interests of all shareholders*".³¹

Mr. Purcell served as a non-executive Director of Metgasco between September 2016 and April 2018. During that period, as outlined in the aforementioned *Explanatory Memorandum*, the Company's then Board (other than Mr. Purcell), collectively formed the view that:

²⁸ Calculated based on BYE share price of 32c as at 2 October 2019.

²⁹ See Note 27 above

³⁰ See Note 11 above

³¹ Dr. Willink joined the board of Metgasco on the 2nd February 2018 and accordingly did not provide a recommendation in relation to the 9th March 2018 General Meeting.

- i. *Mr. Purcell had not responded openly in respect of interests associated with M&A Advisory's shareholding in the Company;*
- ii. *Mr. Purcell had not disclosed to the Company that he had discussions with counterparties to potential transactions that the Company had been interested in prior to those discussions occurring. Further:*
 - o *In at least one instance, these discussions had also represented a breach of the negotiation protocols adopted unanimously by the Board in respect of the relevant potential transaction in order to protect that significant transaction; and*
 - o *In the Board's view, such actions had interfered with the progress of at least one potentially significant transaction; and*
- iii. *Mr. Purcell's asserted position on a number of potential transactions being considered by the Board has been influenced by factors other than what is in the best interests of the Company.*

As outlined in the *Explanatory Memorandum*, the then Board had tried to raise the issues described in the paragraph above with Mr. Purcell, including by letters from Metgasco's then Chairman to Mr. Purcell dated the 4th of July 2017 and the 20th of July 2017, which either resulted in no response or responses which, in the Board's collective view, had been evasive.

Mr. Purcell denied, or declined to respond to, the majority of the matters raised, as was his right. The matter was in any event definitively resolved by the majority shareholder vote in favour of his removal from the Board of the Company.

For further details, please refer to Metgasco's ASX announcement *Notice of General Meeting and Proxy Form* dated the 9th of March 2018.

The Directors unanimously believe the above points (1 → 7) are compelling reasons why you should REJECT the offer and TAKE NO ACTION.

Frequently Asked Questions

This section answers some commonly asked questions about the Offer. It should be read together with the rest of this Target's Statement. This section is not intended to comprehensively answer all questions that may arise in relation to the Offer or address all issues that are relevant to Metgasco shareholders.

No.	Question	Answer	More information
1.	Who is offering to purchase my Metgasco shares?	The Bidder is Melbana Energy Limited ACN 066 447 952.	Section 1 of the Bidder's Statement
2.	What is the offer for my Metgasco shares?	If you accept the Offer, you will receive 4 Melbana Energy Shares for every 1 Metgasco Share that you hold, subject to the terms and conditions of the Offer. There is no cash component for this offer.	Section 9.1 of the Bidder's Statement
3.	What is the Bidder's Statement?	The Bidder's Statement is the document prepared by Melbana Energy which sets out the terms of the Offer, as required by the Corporations Act. All Metgasco shareholders should have recently received a copy of the Bidder's Statement in the mail and it is available on the ASX Market Announcement Platform.	
4.	What is the Target's Statement?	The Target's Statement is the formal response by the Board of Metgasco to the Offer, as required by the Corporations Act. This document has been prepared by Metgasco and contains important information to help you decide whether to accept the Offer.	
5.	What choices do I have as a Metgasco shareholder?	As a Metgasco shareholder, you have the following choices in respect of your Metgasco shares: 1. REJECT the Offer by doing nothing (which is what the Directors recommend) 2. Sell all or some of your Metgasco shares, for example on the ASX; or 3. ACCEPT the Offer (which the Directors do not recommend) You should seek legal, financial or taxation advice from your professional adviser regarding the action that you should take in relation to the Offer.	
6.	What do your Directors recommend?	The directors unanimously recommend that you REJECT the Offer. The reasons for the Director's recommendation are set out in section 1 of this Target's Statement.	Section 1 of this Target's Statement
7.	What do the Directors intend to do with their Metgasco shares?	The Directors intend to reject the Offer for any Metgasco shares they own or control. The Directors' interests in Metgasco shares are set out in Annexure G of this Target's Statement.	
8.	What are the risks of accepting or rejecting the Offer?	Non-exhaustive lists of key risks of accepting or rejecting the Offer are set out in Annexure A of this Target's Statement.	Annexure A of this Target's Statement
9.	How many Metgasco shares does Melbana Energy already have an interest in?	As at the 16 July 2019, Melbana Energy had a relevant interest in 76,516,908 Metgasco shares, representing 19.6% of the voting power in Metgasco.	Section 2.6 of the Bidder's Statement
10.	Why should I REJECT the Offer?	You should REJECT the Offer for the following key reasons: <ul style="list-style-type: none">• The Offer undervalues your shareholding;• Melbana appears to have little intrinsic value;	Section 1 of this Target's Statement

No.	Question	Answer	More information
		<ul style="list-style-type: none"> The purported strategic and financial benefits attributed to the merger are highly unlikely to materialise; Melbana's performance to date provides little future confidence; Melbana's future direction is unclear; Metgasco has delivered for shareholders and has a compelling future. 	
11.	How do I REJECT the Offer?	To reject the Offer, you should TAKE NO ACTION in relation to all correspondence from Melbana Energy in relation to the Offer.	
12.	Is the Offer conditional?	The Offer is subject to conditions described in the section 9 of the Bidder's Statement (Defeating Conditions).	Section 9.8 of the Bidder's Statement
13.	What happens if the conditions are not fulfilled or waived?	In the event that the Defeating Conditions are not satisfied or waived by the end of the Offer Period, then the Offer will lapse and your acceptance will be void. You will continue to hold your Metgasco shares and be free to deal with your Metgasco shares as if the Offer had not been made.	
14.	What are the consequences of accepting the Offer now, while it remains conditional?	<p>If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to sell your Metgasco shares or otherwise deal with your Metgasco shares while the Offer remains open and the Bidder will be able to exercise the rights attaching to your Metgasco shares upon the Offer becoming unconditional.</p> <p>This means that upon your acceptance of the Offer and the Offer becoming unconditional, the Bidder will be entitled to attend meetings of Metgasco and vote on your behalf in relation to your Metgasco shares.</p> <p>You should take into account the possibility that Conditions may not be fulfilled or waived. You should also take into account the possibility that if a "prescribed occurrence" occurs this may be a breach of the Conditions.</p> <p>If a third party makes a superior proposal for your Metgasco shares, you will not be entitled to the benefit of that superior proposal if you have already accepted the Offer.</p>	Section 9.6 of the Bidder's Statement
15.	If I accept the Offer, can I withdrawal my acceptance?	You may only withdraw your acceptance if Melbana Energy has not declared the Offer to be unconditional and Melbana Energy varies the Offer in a way that postpones the time when Melbana Energy is required to satisfy its obligations by more than one month.	
16.	What are the consequences of the Offer becoming unconditional?	If you accept the Offer after the Offer becomes unconditional or the Offer becomes unconditional after you have accepted, you will be entitled to receive the Offer consideration in respect of your Metgasco shares (subject to the terms of the Offer in the Bidder's Statement).	

No.	Question	Answer	More information
17.	Can Melbana Energy increase the Offer consideration?	<p>Yes, if Melbana increases the Offer consideration during the Offer Period, Metgasco shareholders who have accepted the Offer by the close of the Offer Period – including those who accepted the Offer <i>prior</i> to the Offer consideration having been increased – will be entitled to the increased Offer consideration, assuming that the Offer is completed successfully.</p> <p>If the Offer consideration is increased within the last seven days of the Offer Period, the Offer Period will be automatically extended to the 14th day after the date the Offer consideration was increased. Any such extension of the Offer Period will be announced by Melbana on the ASX.</p>	
18.	When does the Offer close?	The offer is currently scheduled to close at 7.00pm (Sydney time) on 24 October 2019, but the Offer Period can be extended in certain circumstances.	
19.	When will I receive the Offer consideration if I accept the Offer?	<p>If you validly accept the Offer in accordance with the instructions in the Bidder's Statement and the Acceptance Form, you will be provided with the Offer consideration due to you under the Offer on or before the earlier of:</p> <ul style="list-style-type: none"> one month after the Offer is accepted or one month after all of the Conditions have been waived or fulfilled (whichever is the later); and 21 days after the end of the Offer Period. 	
20.	What are the tax implications of accepting the Offer?	You should consult a financial, tax or other professional adviser on the specific potential tax implications of your acceptance of the Offer. A general summary of the Australian tax consequences for Metgasco shareholders who accept the Offer is included in the Bidder's Statement, however this summary should not be a substitute for seeking your own professional advice.	Section 7 of the Bidder's Statement
21.	Can I be forced to sell my Metgasco shares?	<p>You cannot be forced to sell your Metgasco shares unless Melbana Energy becomes entitled to compulsorily acquire those shares under Chapter 6A of the Corporations Act.</p> <p>In summary, Melbana Energy would need to obtain a relevant interest in 90% or more of the Metgasco shares in order to proceed to compulsory acquisitions.</p>	
22.	What are Melbana Energy's intention with respect to Metgasco's business?	<p>The bidder has indicated, subject to certain matters described in the Bidder's Statement, at the date of the Bidder's Statement, it is Melbana's intention that:</p> <ul style="list-style-type: none"> the business of Metgasco will be conducted in substantially the same manner as it is conducted at the date of the Bidder's Statement; no other major changes will be made to the business of Metgasco; and <p>there will be no redeployment of the fixed assets of Metgasco.</p>	Section 4 of the Bidder's Statement

No.	Question	Answer	More information
23.	Can Melbana Energy withdraw the Offer?	<p>The Corporations Act permits the withdrawal of unaccepted offers only in exceptional circumstances.</p> <p>The Bidder may not withdraw the Offer if you have already accepted it. Before you accept the Offer, the Bidder may only withdraw the Offer with the written consent of the ASIC and subject to the conditions (if any) specified in such consent.</p> <p>However, the Offer is conditional. If the Conditions are not satisfied or waived by the end of the Offer Period, the Offer will lapse, in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation you will be free to deal with your Metgasco shares as you see fit.</p>	Section 9.1.7 of the Bidder's Statement
24.	Is there a number that I can call if I have further queries in relation to the Offer?	If you have any further questions about the Offer, please contact Metgasco on +61 2 9923 9100.	

SECTION 1 – OTHER MATERIAL INFORMATION

This Target's Statement is required to include all the information that Metgasco shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but only:

- i. to the extent to which it is reasonable for Metgasco shareholders and their professional advisers to expect to find such information in this Target's Statement; and
- ii. if such information is known to any Metgasco Director.

The Metgasco Directors are of the opinion that all information that Metgasco shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer are contained in:

- i. the Bidder's Statement (to the extent not inconsistent with or superseded by information set out in this Target's Statement);
- ii. all announcements and other statements made to Metgasco shareholders prior to the date of this Target's Statement; and
- iii. this Target's Statement.

The Metgasco Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless expressly indicated to the contrary in this Target's Statement). In deciding what information should be included in this Target's Statement, the Metgasco Directors have had regard to:

- i. the nature of the Metgasco shares;
- ii. the matters that Metgasco shareholders may reasonably be expected to know;
- iii. the fact that certain matters may reasonably be expected to be known to the professional advisers of Metgasco shareholders; and
- iv. the time available to Metgasco to prepare this Target's Statement.

Except as disclosed in this Target's Statement or previously to the market, there is no other information material to the making of a decision by an Metgasco shareholder as to whether or not to accept the Offer within the knowledge of any of the Metgasco Directors that has not previously been disclosed to Metgasco shareholders.

Consents

BurnVair Corporate Finance Limited ACN 097 814 134 has given, and not withdrawn before the date of this Target's Statement, its consent to being named as the financial advisor of Metgasco.

Link Market Services Limited ACN 083 214 537 has given, and not withdrawn before the date of this Target's Statement, its consent to being named in this Target's Statement as the share registry of Metgasco. This consent has not been withdrawn prior to the lodging of this Target's Statement with the ASIC.

RISC has given its consent to being named in this Target's Statement and to the inclusion of statements made by it (or based on a statement made by it in this Target's Statement), including the full report set out in Annexure D, in the form and context in which they appear. This consent has not been withdrawn prior to the lodging of this Target's Statement with the ASIC.

None of the above-named parties has caused or authorised the issue of this Target's Statement and does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, other than as specified in this section.

As permitted by the ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with the ASX in accordance with the Listing Rules or documents lodged with the ASIC by Melbana. Pursuant to the Class Order, the consent of Melbana is not required for that statement to be included in this Target's Statement.

This Target's Statement contains statements which are made in, or based on statements made in, documents lodged with the ASIC or the ASX by Melbana. As required by the class order, any Metgasco shareholder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period by calling Metgasco on +61 2 9923 9100.

In addition, as permitted by the ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains trading data sourced from the ASX and Bloomberg provided without their consent.

Date of Target's Statement

This Target's Statement is dated 8 October 2019, being the date on which it was lodged with the ASIC.

Authorisation

This Target's Statement has been approved by a resolution passed by the Metgasco Directors. All your Directors voted in favour of the resolution.

Signed for and on behalf of Metgasco Limited:

A handwritten signature in black ink, appearing to read 'Philip Amery', is written over a horizontal line.

Philip Amery
Chairman

ANNEXURE A – KEY RISKS

As noted, as a shareholder of Metgasco, you may:

- 1) Reject Melbana's Offer (i.e. do nothing), and retain your shareholding in Metgasco (**Recommended**); or
- 2) Accept Melbana's Offer, as such you will receive Melbana shares as consideration for your Metgasco share and become a shareholder of Melbana (**Combined Entity**), if the Offer becomes or is declared unconditional.

This annexure provides a non-exhaustive summary of key risks and uncertainties pertaining the Offer. In addition, it also highlights general risks associated with entities operating in the oil and gas sector which are common to both Metgasco and Melbana separately or as the Combined Entity.

i. General risks common to entities operating in the oil and gas sector:

Risk	Description
Failure to adapt to changes in the business environment or market conditions	The business model of Metgasco may be impacted by incremental or rapid changes in the business environment in which it conducts its business or market conditions, such as: <ul style="list-style-type: none">adverse changes in macroeconomic conditions, including global, regional and local economic growth, the costs and general availability of credit, the level of inflation, interest rates, exchange rates, government policy including fiscal, monetary and regulatory policies), general consumption and consumer spending and sentiment, and levels of unemployment, amongst others; andmovements in oil and gas prices may impact profitability.
	The above risks are outside the control of Metgasco and may result in in delays/difficulties in attracting farm-in partners/future investment and could have a material delay on Metgasco's future exploration growth plans and financial performance.
Commodity prices	Should any of Metgasco's current or future assets become producing assets, the financial performance and results of Metgasco will be heavily influenced by the price realised for its hydrocarbon products, including gas, oil, condensate and LPG. The financial performance of Metgasco will be exposed to fluctuations in the prices of these commodities.
	In general terms, commodity prices may be influenced by numerous factors and events which are beyond the control of Metgasco, including supply and demand fundamentals, currency exchange rates, interest rates, general economic, political and regulatory conditions, speculative activities and other factors. These factors may have a positive or negative effect on Metgasco's development projects and production plans and activities, together with the ability to fund those plans and activities. In addition, the price of any publicly traded commodity is variable and can be volatile, as a result of a number of factors outside of the control of Metgasco, including general economic and geopolitical conditions, and supply and demand dynamics.
	A material decline in the realised price for the commodities produced by Metgasco may have a material adverse impact on the financial results and future prospects of Metgasco.
	Declines in the price of, and demand for, these commodities may also lead to revisions of the medium and longer term price assumptions for these commodities from future production, which, in turn, may lead to a revision of the carrying value of some of Metgasco's assets and/or a reduction of future Reserves estimates.

Risk	Description
Oil and gas production performance	Should any of Metgasco's current or future assets become producing assets, the production performance of Metgasco is subject to a number of risks, including production and expansion activities being executed as presently planned, changes in operating and capital costs, unanticipated mechanical failure of plant and equipment, and technical risks such as reservoir performance. Relevant risks, if they arise (alone, or in combination), may interrupt or delay production, increase production costs or result in damage to and/or destruction of property, plant and equipment, or personal injury, environmental harm or legal liability.
Development activities	<p>Metgasco's development activities may be delayed or may be unsuccessful for many reasons, including extreme weather conditions and weather events, unanticipated financial, operational or political events, cost overruns, decline in commodity prices or demand, equipment and labour shortages, technical concerns, increases in operating costs, community or industrial action, failure to obtain necessary government approvals or permits and general project delays.</p> <p>Material delays or failures to successfully complete Metgasco's development activities may have a material adverse effect on the operating performance of Metgasco or its future prospects.</p>
Estimates of Reserves and Prospective/Contingent Resources	The estimation of hydrocarbon Reserves and Prospective/ Contingent Resources is subject to significant uncertainties associated with hydrocarbon reservoir geology and the interpretation of seismic and well data, as well as judgements and assumptions regarding recovery factors, future commodity prices, exchange rates, and development and operating costs. There can be no guarantee that Metgasco will successfully produce the volume of hydrocarbons it has classified as Prospective Resources or will be successfully converted to Contingent Resources/Reserves. In addition, estimates that are valid when originally calculated may alter significantly or become uncertain when new information becomes available, including as a result of drilling, new exploration/engineering studies and production data over the life of a field. As estimates change or are updated, development and production plans may be altered in a way that may adversely affect Metgasco's results of operations or future prospects.
Exploration activities	<p>The future operating and financial performance of Metgasco will be heavily influenced by the ability of Metgasco to successfully explore for and identify hydrocarbons that are commercially viable, so as to convert resources to Reserves and in the future replace Reserves depleted by production.</p> <p>Exploration activity is a high-risk endeavour which is subject to geological and technical risks and uncertainties.</p> <p>There can be no guarantee that Metgasco will, through its exploration activities, successfully identify and secure Reserves and Contingent Resources to support future production.</p>
Drilling activities	Oil and gas exploration, development and production activities typically involve drilling operations. Drilling operations are high-risk and subject to hazards including unexpected geological conditions, infrastructure failure and other incidents, or conditions which could result in damage to plant or equipment or harm to people or the environment. Although it is intended to take adequate precautions to minimise risks associated with drilling activities, there can be no guarantee that Metgasco will not experience one or more material incidents in the context of drilling activities which may have an adverse impact on the operating and financial performance of Metgasco, including costs associated with control of well operations, recovery of plant and equipment, and environmental rectification and compensation, along with delays or other impacts on anticipated results.
Access to infrastructure	In order to access markets for the sale of Metgasco's production, Metgasco will rely on access to infrastructure on commercially acceptable terms. There can be no guarantee that Metgasco will be able to maintain or obtain access to relevant infrastructure on commercially acceptable terms. A failure to obtain or maintain access to relevant infrastructure, or an event which results in a significant

Risk	Description
Joint ventures	<p data-bbox="491 208 1417 297">interruption to access to such infrastructure due to unforeseen circumstances, will have an adverse effect on the operating and financial performance of Metgasco.</p> <p data-bbox="491 304 1449 546">As is common in the oil and gas industry, many of Metgasco's assets are held, or in the future may be held, in joint ventures which enables Metgasco and its joint venture partners to share the technical, operational and commercial risks associated with oil and gas activities. With some exceptions, decisions regarding the exploration, development and production activities of joint ventures require approval of a specific majority of participants in the joint venture. Whether or not Metgasco holds a majority interest in a joint venture, or holds the position of operator for the joint venture, joint venture participants may:</p> <ul data-bbox="539 577 1433 891" style="list-style-type: none"> • have commercial or other interests or objectives for the joint venture which may not be aligned to those of Metgasco; • exercise voting rights for joint venture decisions to prevent or delay activity which Metgasco considers to be in the best interests of the joint venture and the commercial objectives of Metgasco; or • be unable or unwilling to fulfil their respective obligations, including contributing their proportionate share of joint venture capital and operating costs. <p data-bbox="491 920 1449 1162">Where Metgasco is not the operator of the joint venture, Metgasco monitors the performance of the operator and may seek to influence joint venture activities by providing technical advice, but Metgasco has limited control over the day-to-day conduct of the activities of the joint venture. Improper management of joint venture activities, including a failure to have effective policies and systems in place, may adversely affect the value of Metgasco's interests in the relevant joint venture and, by extension, may result in damage to the reputation of Metgasco which may impact on Metgasco's other assets and access to new opportunities.</p>
Approvals, permits and licences	<p data-bbox="491 1169 1441 1319">Metgasco's continuing operations and any future prospects are dependent on Metgasco's ability to obtain and maintain certain government permits, approvals and licences for each of its projects. Metgasco's ability to carry on its business will therefore be subject to its ability to obtain and maintain, and various governments' willingness to renew and not revoke, such rights.</p> <p data-bbox="491 1350 1445 1500">There can be no guarantee that Metgasco will be able to obtain all necessary government approvals, permits or licences on reasonably acceptable terms or in a timely manner. Any such failure may have a material and adverse impact on Metgasco's business, results of operation, financial condition or future development prospects.</p>
Insurance risks	<p data-bbox="491 1509 1414 1659">Metgasco maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice, having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Metgasco.</p>

ii. Risks associated with Melbana and accepting the Offer:

Risk	Description
Block 9 PSC non-compliance	<p>Melbana Energy is currently not in full compliance with its obligations under the Block 9 PSC in Cuba, given it has not replaced the bank guarantee for the current sub-period's work commitments which expired on 31 December 2018 (and, for which, CUPET has previously provided a waiver until 30 April 2019). The company has requested CUPET to extend the current sub-period by one year and to waive the requirement to provide a bank guarantee.</p> <p>If Melbana is unable to extend the current sub-period by one year and to waive the requirement to provide a bank guarantee and if the regulators declared Melbana Energy in default of their obligation to provide a bank guarantee, it is likely that Melbana Energy would forfeit its interest in Block 9. Should this occur, it is also unlikely that the regulators would grant Melbana Energy a contract for Santa Cruz.</p>
Beehive Prospect – non exercise of option by Total and Santos	<p>Should neither Total nor Santos elect to drill the Beehive Prospect, Melbana Energy would retain 100% interest in WA-488-P. If a new partner for drilling cannot be found, it is unlikely that Melbana Energy could meet the commitment to drill the well by 21 December 2020 on its own.</p> <p>If Melbana were unsuccessful in gaining regulatory approval to defer this commitment it is likely it would then lose title to WA-488-P.</p>
Country risk	<p>Melbana Energy currently operates in one foreign jurisdiction, Cuba, and may operate in others in the future. As a result, Melbana Energy is exposed to the political, economic and other risks and uncertainties associated with operating in such countries. These risks and uncertainties may be different for each country and include changing political conditions, changes in regulations and taxation policies, renegotiation or cancellation of existing permits and contracts, currency exchange rates, restrictions on foreign exchange and currency controls, inflation, labour unrest and changes in diplomatic relations. These risks and uncertainties may be unpredictable and could adversely affect the value of the assets or future financial performance of Melbana Energy.</p>
Sanctions risk	<p>Melbana Energy has operations located in Cuba. The U.S. has maintained an embargo against Cuba, administered by the U.S. Department of Treasury. The laws and regulations establishing the embargo have been amended from time to time, most recently the Cuban Liberty and Democratic Solidarity Act (the Helms-Burton Act). The embargo applies to almost all transactions involving Cuba or Cuban enterprises, and it bars from such transactions any U.S. persons unless such persons obtain specific licenses from the U.S. Department of Treasury authorizing their participation in the transactions.</p> <p>The U.S. embargo could have the effect of limiting Melbana Energy's access to U.S. capital, U.S. financing, U.S. customers and U.S. suppliers. These negative impacts could become more severe in time and possibly even prevent Melbana Energy from continuing to operate in Cuba.</p> <p>Earlier this year the USA announced that it would no longer suspend Title III of the Helms-Burton Act, effective 2 May 2019, which authorises private lawsuits for damages against anyone who "traffics" in property confiscated, without compensation, by the Government of Cuba from persons who at the time were, or have since become, nationals of the U.S.</p>
Possibility of future Metgasco share price appreciation	<p>It may be possible in the future to sell your Metgasco shares for more valuable consideration than that offered under the Offer. The Directors make no forecast of whether this will occur.</p>
Possibility of a superior proposal emerging	<p>A third party may emerge with a superior proposal. If you accept the Offer, other than in limited circumstances provided in the Corporations Act, you will not be able to accept your Metgasco shares into any superior proposal and you will not be able to obtain any potential benefit associated with that superior proposal (if any). Accepting the Offer will also preclude a Metgasco shareholder from selling his/her Metgasco shares on-market on the ASX, where they may trade at a higher price than the Offer consideration.</p>

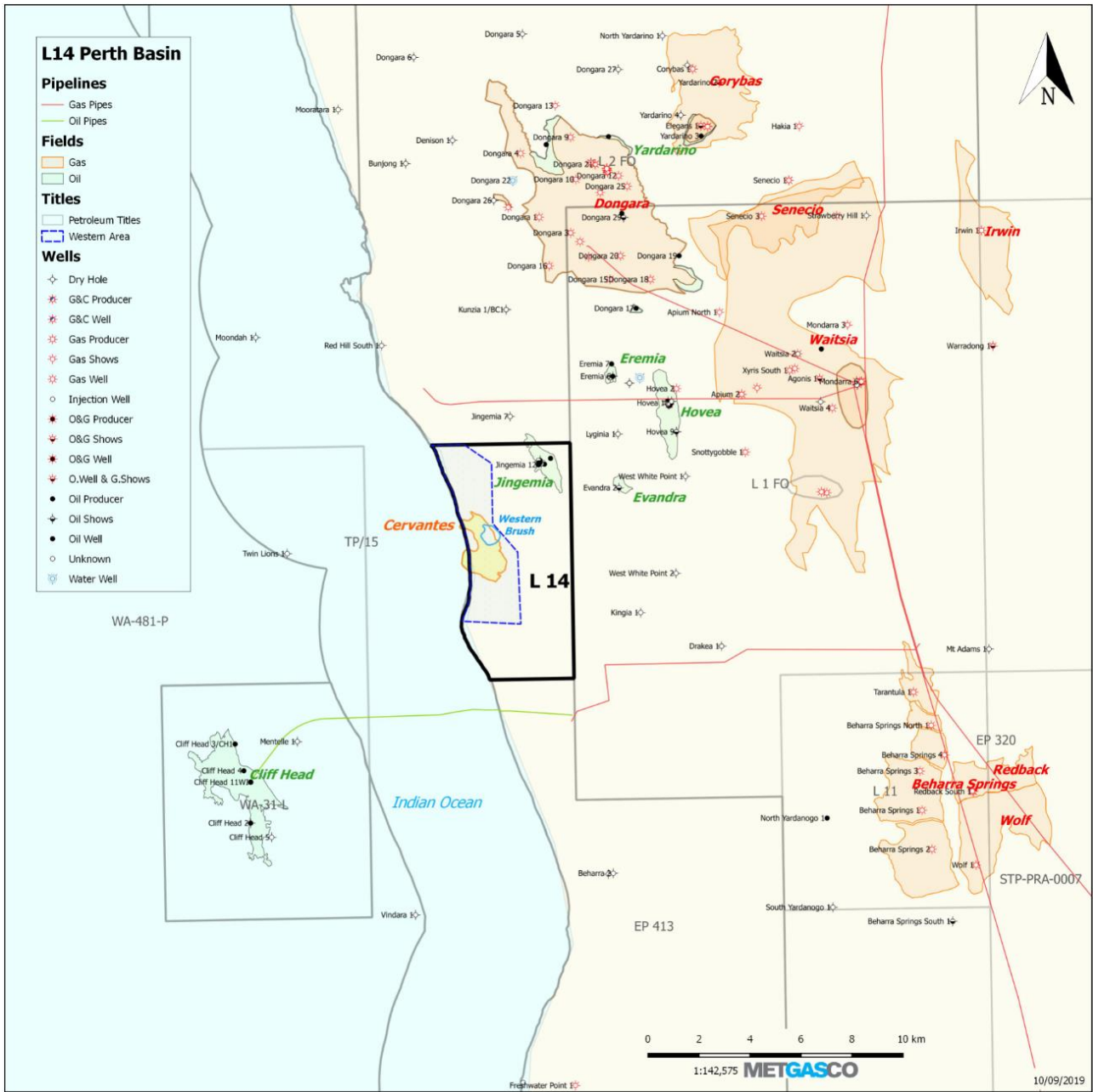
Risk	Description
Potential future dilutive capital raises	Over the past 3 years, Melbana has issued approximately 924.8 million shares representing a 197% increase in total shares on issue and raised approximately \$11.0 million from shareholders. Melbana's current issued capital stands at approximately 1.8 billion shares with 184.2 million options outstanding. It may be possible that Melbana will conduct further capital raises in the future which may be dilutive for its shareholders. The Directors make no forecast of whether this will occur.
Change in nature and scope of the company	Melbana's statement in Section 6.4.4 of its Bidder's Statement highlights that the company may diversify away from oil and gas to focus on " <i>complementary activities or potentially new areas of operation</i> ".

iii. Risks associated with rejecting the Offer and continuing to hold Metgasco:

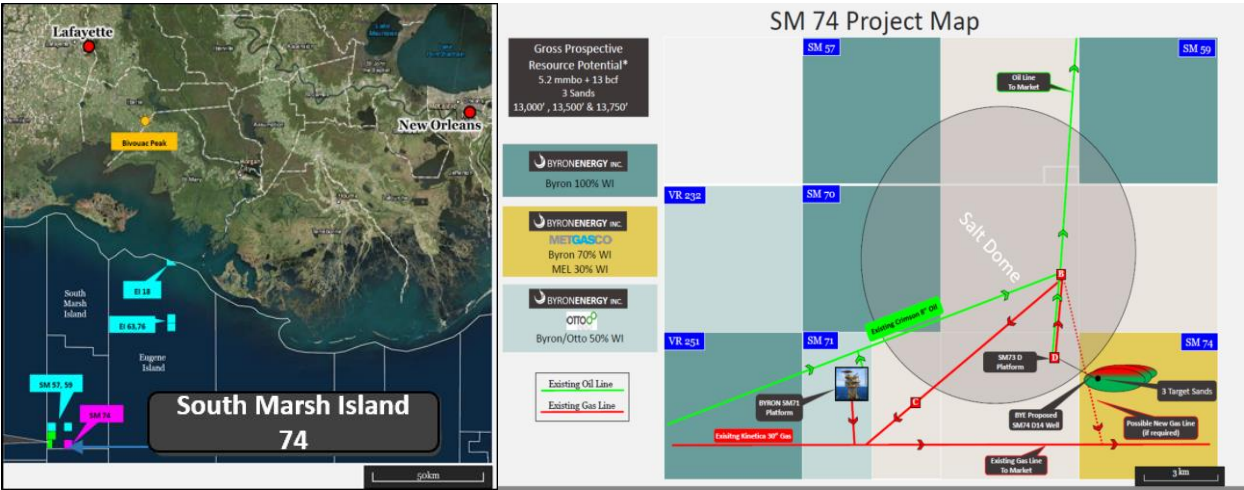
Risk	Description
There is an uncommercial outcome on free carried Vali-1 exploration well planned for late Q4 2019	In the event that the Vali-1 exploration is proven uncommercial, the exploration well will be plugged and abandoned which may result in unfavourable movement in Metgasco's share price.
Free carry Cap on Vali-1 is exceeded	Whilst unlikely the free carry well cap is exceeded, if it is, Metgasco will need to contribute its share of the exploration costs.
Delay or inability to attract a farm-in partner to ATP 2020 and Perth Basin L14 assets	Farm-out discussions are ongoing with multiple interested parties in relation to Metgasco's option to drill the Cervantes prospect in Q3 CY 2020. If this cannot be achieved, then Metgasco will have to fund 100% of well costs. Farm-out discussions are ongoing on ATP 2020. and subject to the outcome of this work a decision will be made whether to except 100% geological and cost risk or whether to continue holding the licence.
Risk of future capital raises	Metgasco will have approximately A\$5.2 million of fungible assets (assuming shareholders approve the in specie return of 70% of the Byron Energy shares at the Metgasco AGM in November 2019) If a farm-in partner cannot be found to share the Cervantes drilling costs, further funding to support the planned exploration well(s) in 2020 will be required. The timing and the structure of this funding have not been determined.
Byron Energy share value	The value of Metgasco's Byron Energy shares is subject to market conditions and may decrease due to adverse price movements.
Metgasco share price	Following the approval and distribution to Metgasco shareholders of the proposed in-specie distribution of 30 million Byron Energy shares, the share price in Metgasco may decrease.

ANNEXURE B – ASSETS OF METGASCO (MAPS):

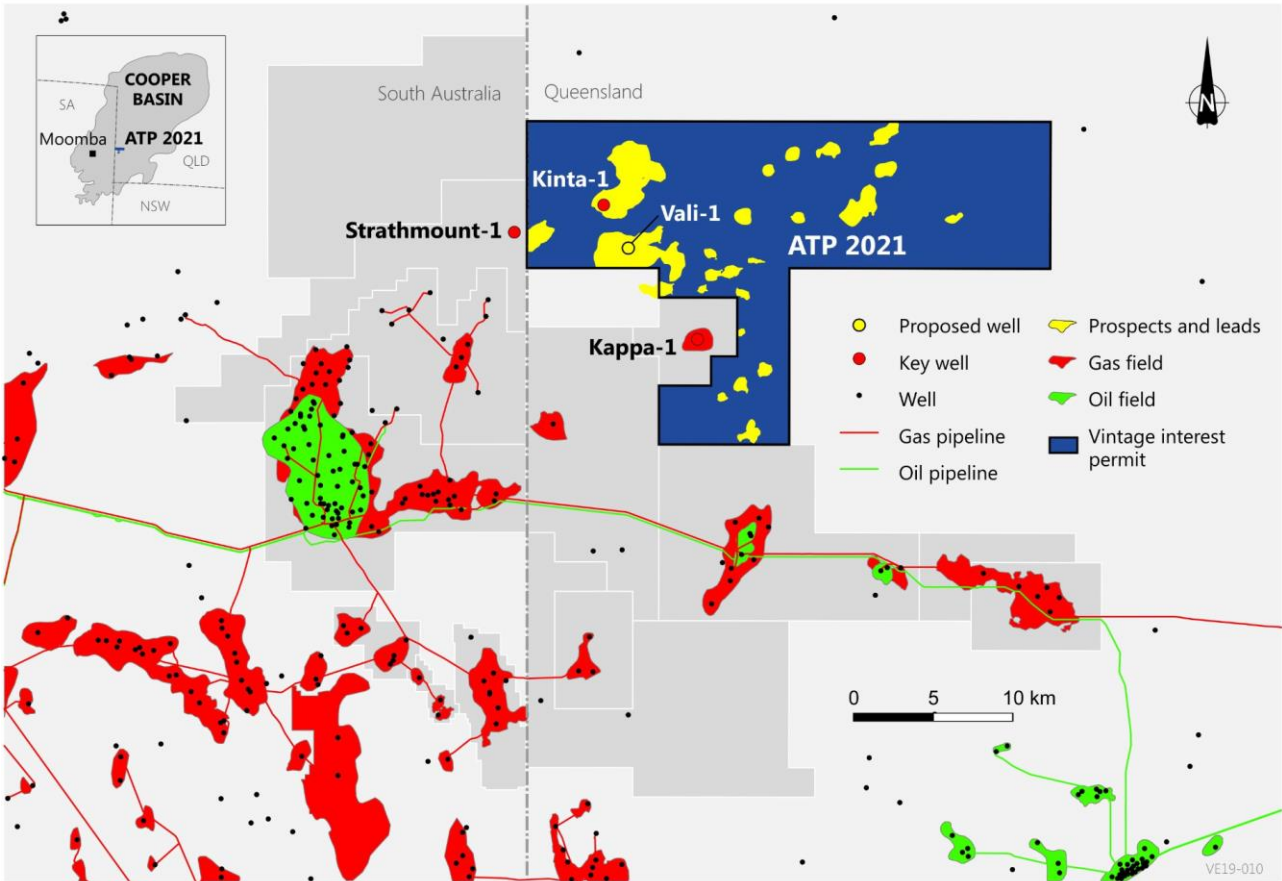
Perth Basin L14 Permit:



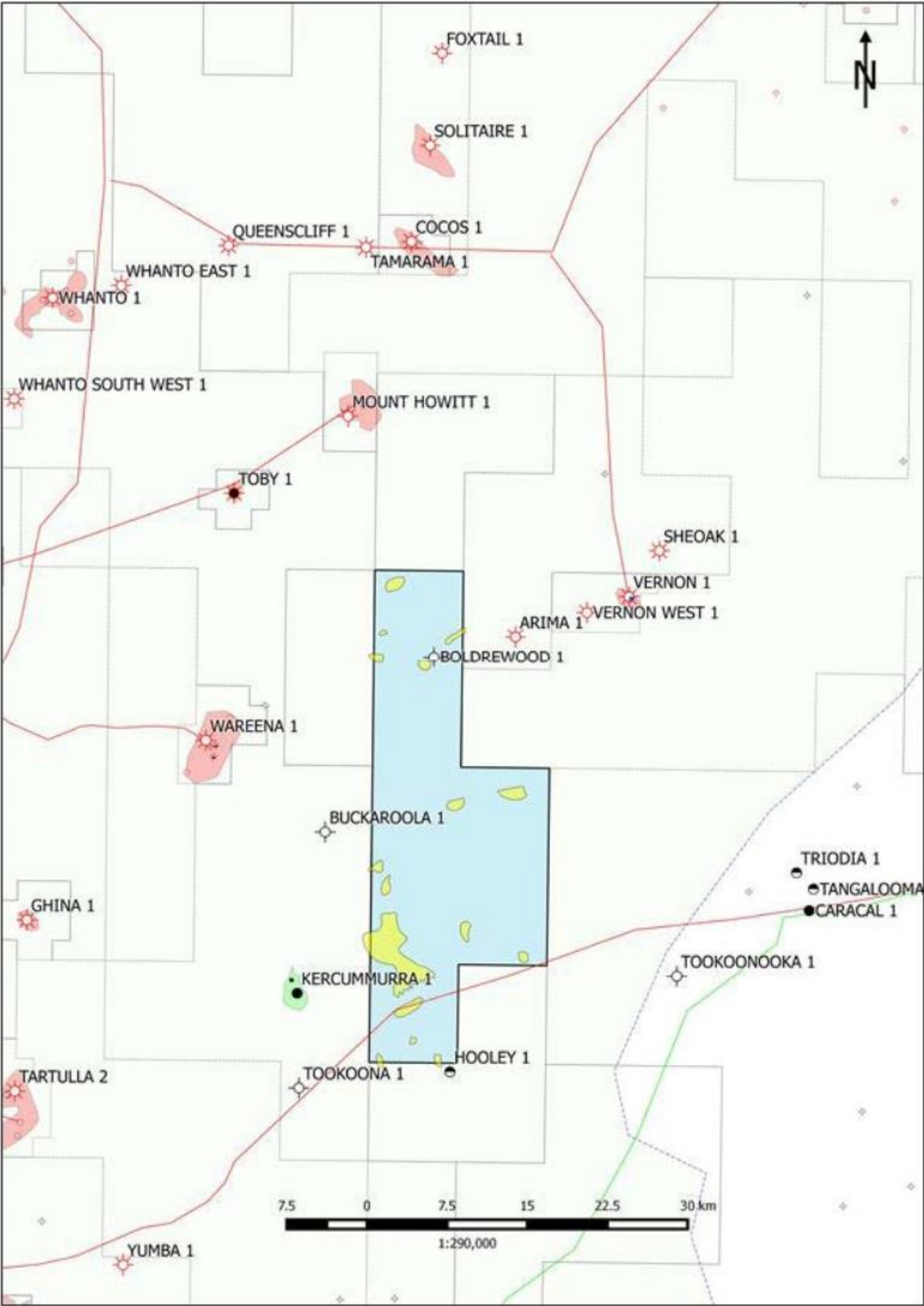
South Marsh Island 74:



Cooper Basin ATP 2021:



Cooper Basin ATP 2020:





Agenda

METGASCO

- 1 Company snapshot
- 2 Metgasco strategy/asset overview
- 3 Achievements over the last 12 months
- 4 Perth Basin farm-in with RCMA
- 5 Cooper/Eromanga Basin
- 6 Byron Energy
- 7 2019/2020 Indicative timeline
- 8 Conclusions - Upcoming investment highlights
- 9 Disclaimer/Prospective resource notes

Company snapshot

METGASCO

Metgasco is an active exploration company poised for growth

Company overview

- Experienced team focused on building value in the business
- Exploration focus in onshore Cooper and Perth Basins in Australia
- Recent farm-in basin entry to Northern Perth Basin L14
- MEL has successfully executed out two farm-out deals Cooper/Eromanga ATP2021 to gain a free carry on highly prospective gas exploration well
- Leveraged to successful GOM player Byron Energy via circa 7% stock ownership and SM74 exploration licence
- The Company continues to review business development opportunities

Financial information

Share price (10 Sep 2019)	A\$0.044
Number of shares	390.6m
Market capitalisation	A\$17.19m
Cash ¹	A\$0.406m
BYE Shares ²	A\$18.62m
BYE SM74 Settlement (30 Sep)	A\$1.75m

¹ As at 30 Jun 2019

² As at 10 Sep 2019

Substantial shareholders & Board

Keybridge Capital Limited	20.22%
M&A Advisory Pty. Ltd.	19.59%
Board and Senior Management	1.68%
Top 20	59.37%
Total shareholders	2,169

Source: Link Market Services (6 Sep 2019)

Share price performance since disposal of NSW assets



Graph takes into account MEL's 2.5c per share, \$9.96m capital return to shareholders in November 2016

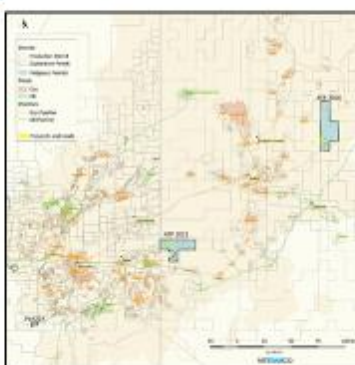
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Metgasco: Strategy / Asset Overview

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Strategy - Deliver shareholder returns from current and new E&P assets/investments and be the non-operator of choice



Onshore Perth Basin

- Exploration farm-in right for up-to 2 exploration wells in L14 by paying 100% to earn 60% equity in any discovery
- Exercise right Well 1- 15/11/19, drill by Q3 CY 2020
- Well 2 exercise right Q2-Q4 CY2020..same terms Well 1

Cooper/Eromanga Basin

- 3 permits - 2 non-op /1 op
- ATP2021 (25%) - drilling on Vali-1 well in Q4 CY 2019
- ATP2020 (100%) - farm-out process underway
- PRL 237 (20%)

USA Gulf of Mexico

- Circa 7% Byron ownership
- 2 wells drilled by Byron in last 12 months - disappointing results
- SM74 (30%) - review further permit potential
- Relinquished leases on Bivouac Peak

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Achievements over the past 12 months

METGASCO

Significant achievements have been made in the last 12 months in 3 focus areas

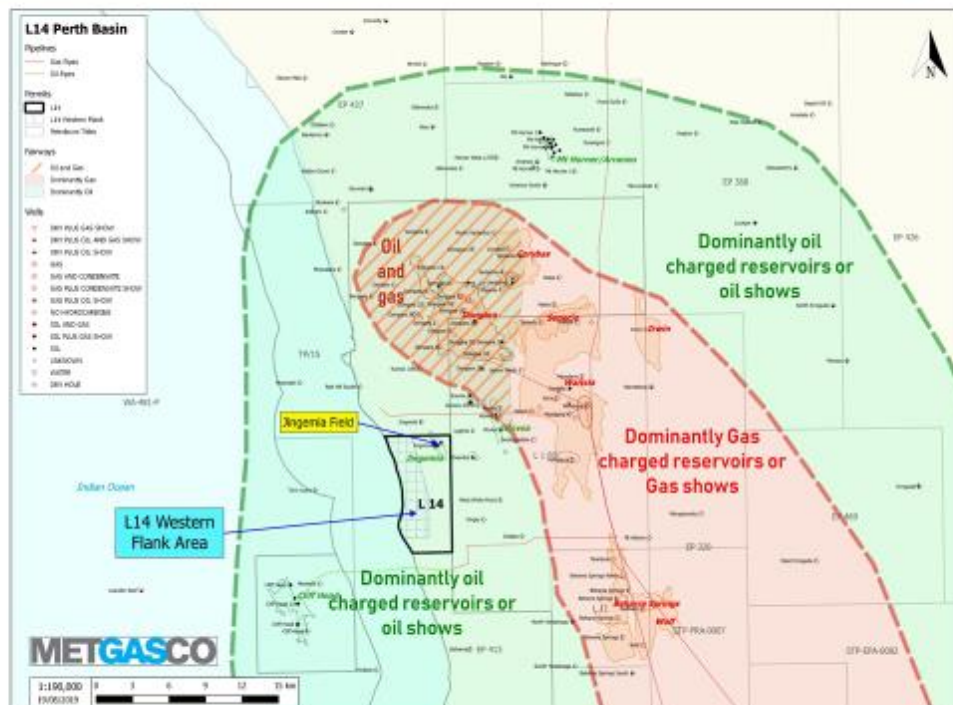
Byron Energy GOM JV	Cooper Eromanga Basin	Corporate
<ul style="list-style-type: none"> ✓ Drilled Weiss Adler-1 well in Sep/Oct 2018 - No hydrocarbons encountered ✓ Drilled SM74 D-14 well in May/Jun 2019 - Non commercial hydrocarbons found ✓ Byron repaid loan and \$2 mill of debt converted to shares ✓ In Jul 2019 10 million options exercised at \$0.25 becoming circa 7% shareholder ✓ Significant value retained in Byron equity ownership 	<ul style="list-style-type: none"> ✓ ATP2021 and ATP2020 prospectivity reviewed and farm-out process initiated ✓ Two 3D defined gas prospects identified. Prospective resources announced in Nov 2018 ✓ A number of shallow oil leads identified in ATP2021 ✓ ATP2021 farm-out agreed with Vintage Energy in May, for operatorship and 50% ✓ Farm-out 25% to Bridgeport in Aug, free carried on Vali-1 exploration well with 25% interest remaining ✓ Plans underway to drill Vali-1 late Q4 2019 	<ul style="list-style-type: none"> ✓ Highly experienced focused Board and management team ✓ Reviewed numerous business development opportunities in onshore Australia assets ✓ In Sep 2019 signed Perth Basin exploration farm-in deal with RCMA in the Western Flank of the Perth Basin. Deal terms allow up to two exploration wells to be drilled ✓ Cervantes and Western Brush prospects mapped by Metgasco, Prospective resources announced ✓ Plans underway to drill 1st well

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Perth Basin: L14 - High Rate Oil/Shallow Kingia Dongara

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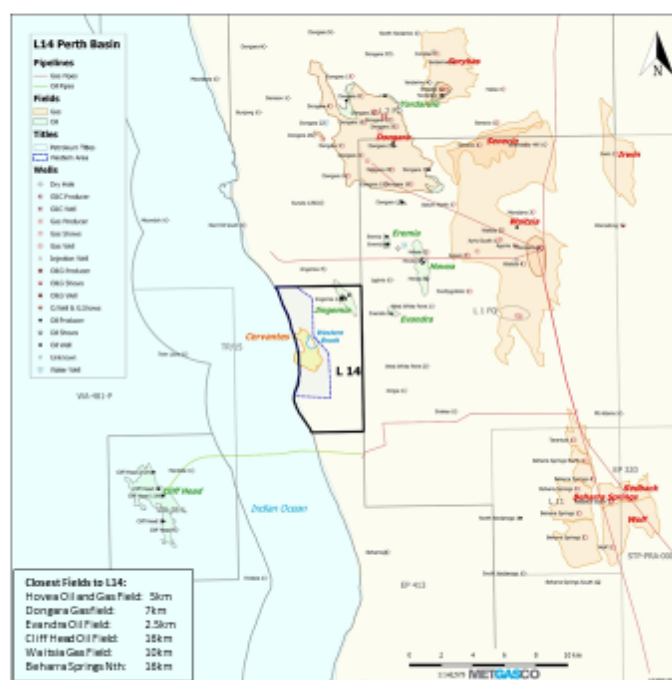
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Perth Basin: L14 - RCMA farm-in deal



- Metgasco has secured the right (exercisable by 15th Nov 2019) to drill one exploration prospect in the L14 Western Flank in the period to Q3 CY 2020. With this commitment to drill to the High Cliff formation Metgasco earns a 60% equity interest in commercial discoveries associated with the prospect drilled by paying 100% of well costs.
- Metgasco may, with the first well committed, elect to drill one further well on the same terms on a single remaining uncommitted prospect in the L14 license area (uncommitted @ time of Metgasco firm commitment), with that right being exercisable between April and December 2020.
- Sub-surface work has confirmed a significant number of prospects across L14 including the 3D seismically defined conventional oil prospects Cervantes & Western Brush estimated to potentially have up to 15.6 mmbob* of gross recoverable prospective oil resources within four sands across the two prospects.
- Metgasco is intending to commit to the Cervantes prospect and drill it by the end of Q3 2020.
- Jade has seconded Metgasco as exploration manager for the Cervantes drilling campaign.
- Both Jade and Metgasco are inviting investors into this project for the drilling of the Cervantes prospect for up to a 30% participating interest & data rooms have been opened for due diligence.



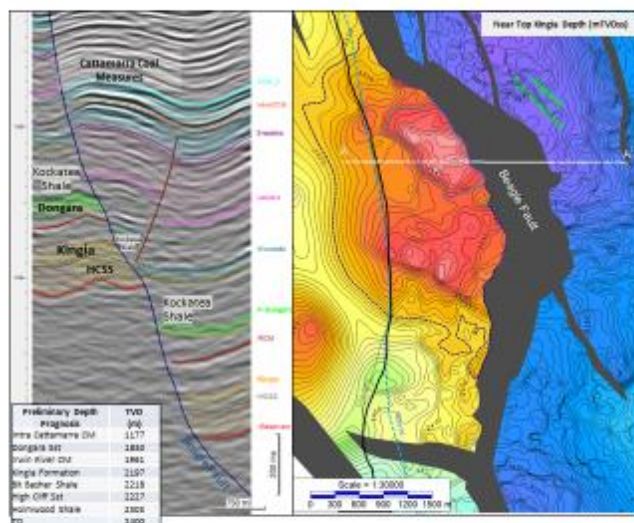
*Prospective Resources Announced 10 September 2019

ASDC-MEL

Perth Basin: L14 - Cervantes/Western Brush prospects



Potentially one of the largest undrilled oil opportunity in the Perth Basin (Gross P50 OOI 36mmbbl), with geological similarities to nearby discoveries



- Locally prolific *Kingia* Ss at lowest depth in onshore Perth Basin and potential oil bearing

Exploration Key Data	
Country	Australia
Basin	Perth Basin
Licence	L14 Western Flank
Prospect Targets	Cervantes and potentially Western Brush
Licence Entry L14	Farm in for 60% for funding 100% of 1 st well
Licence Owners	RCMA 40% (Operator), Metgasco 60%
Target Information	TD: ~2500mMdd Primary Targets: Kingia/HCS5/Dongara 5s/Cattamarra
Gross Prospective Resource	P50: OOIP 36.4mmbo and Recoverable 15.5mmbo, (arithmetic sum of 4 Zones) across 10 prospects
Spud date	3Q CY 2020
Proximity to Infrastructure	3km to Jingemina Plant – processing & sale and purchase structure in place

Prospect	Reservoir	OOR mmbs			Recoverable mmbs		
		Low (P50)	Best (P50)	High (P10)	Low (P50)	Best (P50)	High (P10)
Cenarras	Dongars SS	7.7	14.9	28.5	3.7	7.4	14.6
	Kingloss HCSS	5.5	17.8	54.0	2.2	7.1	22.3
	HCS5	0.3	2.2	13.8	0.1	0.8	5.0
Western Rough	Cattannaga	0.3	1.5	6.0	0.04	0.2	1.0
L34 100%		33.9	36.4	102.3	6.6	15.6	42.9
Margacca 60%		8.8	12.8	62.6	3.8	6.1	29.9

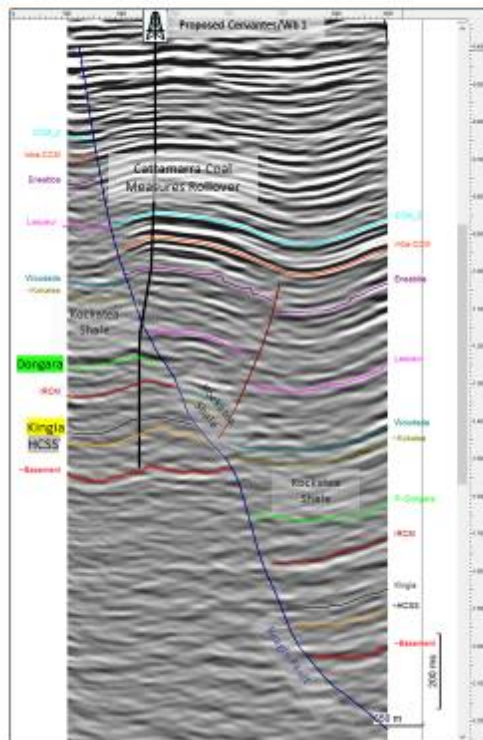
*Prospective Resources Announced 10 September 2019

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Cervantes/WB: four chances for a large oil discovery!

METGASCO



- This well design would target two prospects and test 3 different hydrocarbon intervals in Cervantes being the Dongara, Kingia and High Cliff formations & potentially the Cattamarra formation in Western Brush
- Cattamarra rollover feature is generally associated with deeper Permian discoveries.
- High quality Kingia/High Cliff sands at shallowest depths in the onshore North Perth Basin
 - Oil mature Hovea shales can directly 'face-load' Permian sands
- If discovery solid economics, low cost of development-high profit margin at current oil price
- Rapid path to market (3-6 months) via tie back to Jingemina plant, farm-in agreement allows oil processing and purchase arrangement.
 - 3km from Jingemina oil processing plant with circa 6,000bopd of processing capacity
 - First processing right after Jingemina crude utilising approximately 5000 bpd of spare crude capacity
 - Jade has a purchase right for all crude processed on market terms less transport and an agreed 3rd party processing tariff
- Further exploration potential via right to farm-in for a 2nd well in any uncommitted prospect in the L14 license area (exercisable between Apr to Dec 2020)

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Perth Basin: L14 planning to drill Cervantes/WB 1

METGASCO

- Early engagement for environmental approvals due to drilling within nature reserve
- Jade has initiated discussions with other Perth Basin operators on a drill club for a well that can drill to 2900m
- Data rooms have been setup to secure a JV partner for 50% of the well cost for up to a 30% participating interest in Cervantes
- Metgasco 1st well option commitment deadline 15th of November 2019
- Metgasco has been seconded as exploration project manager by Jade for the term of drilling
- Expected spud in Q3 CY 2020
- Further exploration work to enable selection and timing of 2nd well in 2020



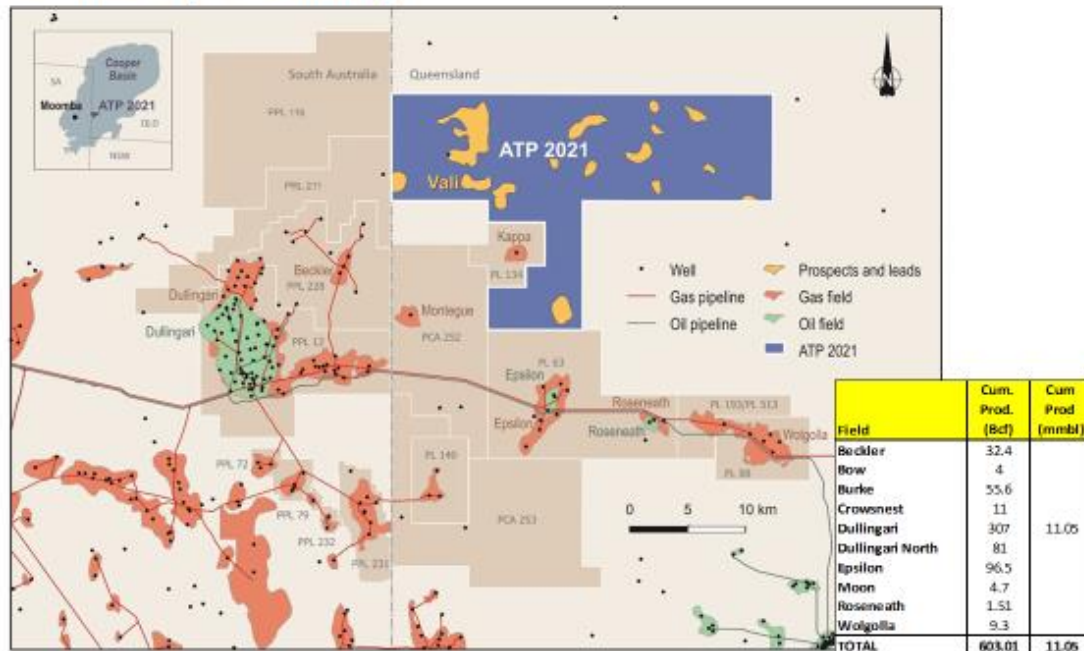
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Cooper Basin ATP2021 - Local fields and prospects

METGASCO

ATP2021 surrounded by commercial gas and oil fields – Cumulative gas prod of ~600Bcf within 20km of permit boundary



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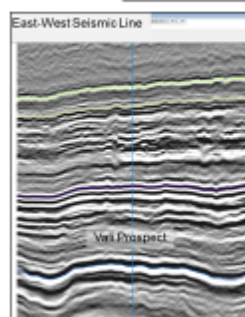
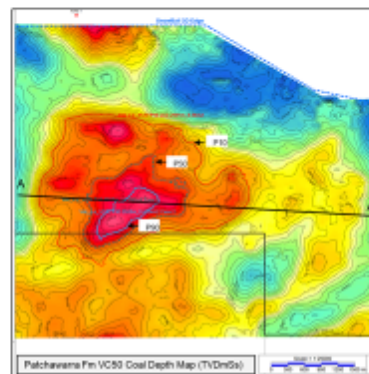
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Cooper Basin ATP2021 - Metgasco free carry on Vali-1

METGASCO

Metgasco has successfully achieved a free carry on the Vali-1 well via successful farm-outs to Vintage (operator and 50%) and Bridgeport (25%)

- May 2019 Vintage farm-in terms:**
 - Pays 65% of cost of Vali-1 well to earn 50% interest and operatorship
 - Contribute a further \$527,800 to future exploration costs
 - Fund of \$70,000 of 2D/3D seismic re-processing
- August 2019 Bridgeport farm-in terms:**
 - Fund 32.5% of Vali-1 well to earn 25% interest
 - Contribute a further A\$263,900 to future exploration costs
- Metgasco free-carried for Vali-1 well**
 - Large structure, 3D defined, with potential thick Permian gas charge sands, 5km to infrastructure, and access to eastern states high gas prices
- The Vali-1 well will target sandstone reservoirs in the Toolachee and Patchawarra formations**
 - Planned spud late Q4 CY 2019



- Robust anticline mapped on recently acquired 2016 3D Seismic
- Dual primary targets of the Toolachee and Patchawarra Formations
- The closest well Kinta-1, ~3km to the north, intersected gas charged sands in both the Patchawarra and Toolachee intervals.
- Vali is close to existing gas and oil infrastructure and pipelines.

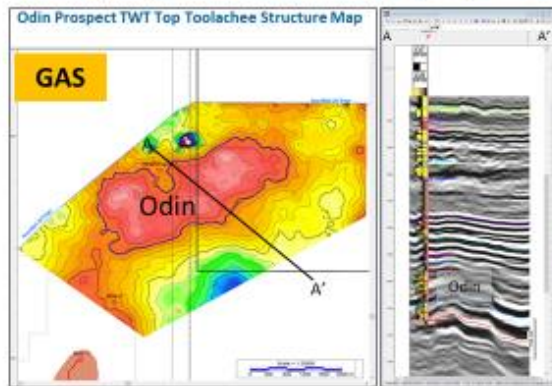
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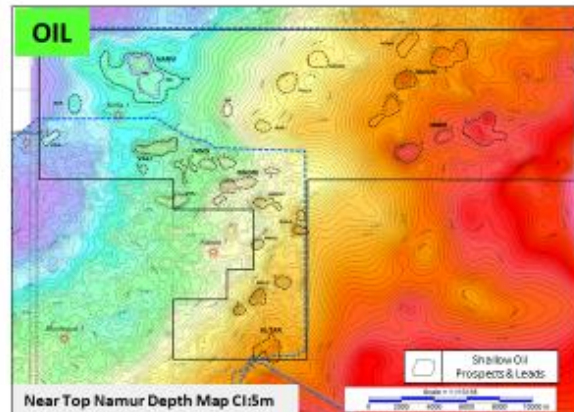
Cooper Basin ATP2021 - Further exploration potential

METGASCO

Odin prospect - 3D defined gas prospect + significant number of shallow oil potential leads



- 11mmbls of oil has been produced from the Murta Fm and the Namur SS locally at the Dullingari field
- Shallow oil leads to be converted to prospects after seismic reprocessing and JV alignment



- Robust anticline with dual gas targets at the Toolachee and Patchawarra Formations mapped in 3D.
- The closest well is Strathmount-1 drilled downdip of the Odin crestal location at both Toolachee (~15 downdip) and Patchawarra Formations (~55m downdip)
- Strathmount-1 tested gas in the Patchawarra Formation and Tirrawarra Sandstone at RTSTM.

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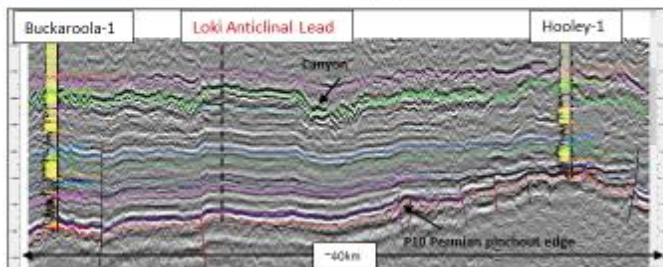
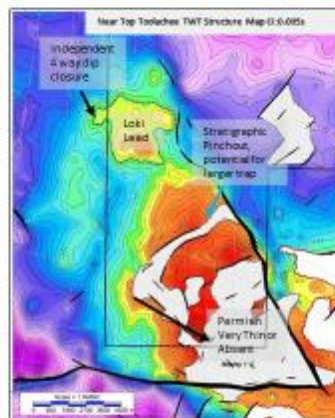
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ATP2020: Loki lead

METGASCO

Overlooked, underexplored area with shallow oil and gas potential close to infrastructure

Exploration Key Data	
Country	Australia
Basin	Cooper/Eromanga
Licence	ATP2020
Well	Loki Lead
Licence Entry	QLD Government Gazettal
Licence Owners	Metgasco 100%
Native Title Agreement	In place
Target Information	TD: ~1750mMD. Primary Targets: Cret - Jurassic sands for oil, Toolachee Formation for gas
Indicative P50 OGIP + OOIP	178cf + ~ 13 mmbls
Estimated Spud date	Subject to securing JV partner
Proximity to Infrastructure	Pipeline traverses permit



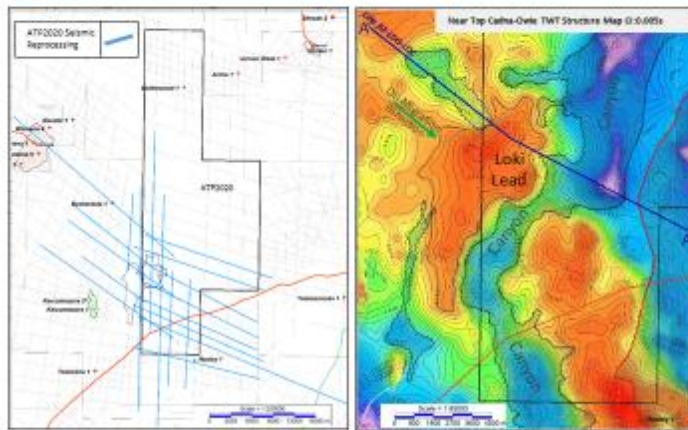
- Ongoing interpretation work on recently reprocessed seismic
- Securing farm-out partner

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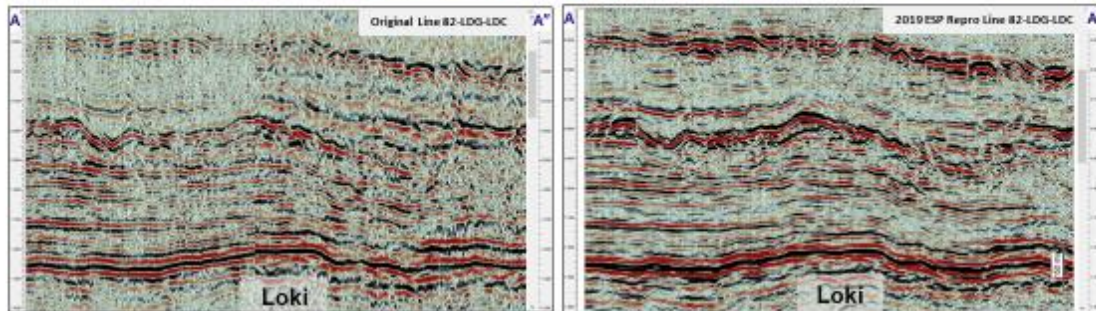
14

ATP2020 Seismic repro - Sharper enhancement!

METGASCO



- Re-processing of 2D seismic over the Loki Lead has been completed.
 - There is a significant improvement in the quality of the newly reprocessed seismic.
 - The data has improved the resolution of pinch-outs, allowing a better definition of the Permian zero-edge.
 - Reprocessed 2D has defined potential barrier canyon behind Loki, implications being to hold up oil migration from west into Loki
- 2D defined large structure with dual targets.
 - Gas P50: 18BCF with upside of 65BCF
 - Oil P50: 13.5 mmbbls
 - Coincident crests can be tested by low cost well in 2nd half of 2020 (TD ~1750m)

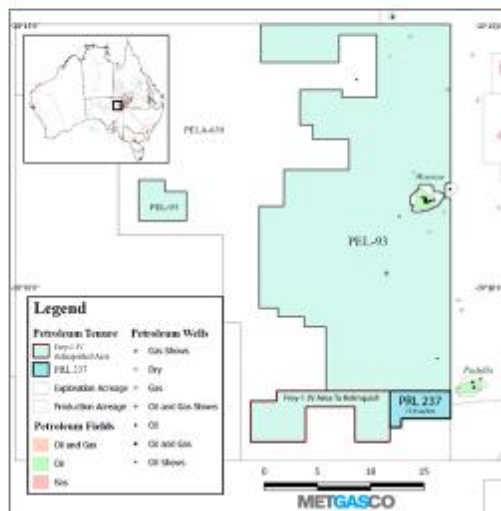


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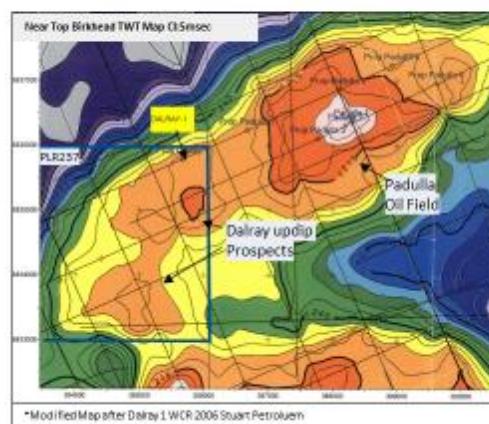
Cooper Basin PRL237

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Exploration Key Data	
Country	Australia
Basin	Cooper/Eromanga
Licence	PRL237 (formerly Frey-1 JV Area)
Well	Dalray updip Prospect
Licence Entry PRL237	Farm in for 20% for funding 30% of Frey-1
Licence Owners	Senex Energy (operator) 60%, Cooper Energy 20%, Metgasco 20%
Target Information	Primary Target: Namur SS
Proximity to Infrastructure	2km to closest production (Padulla)

- The Dalray updip prospect is located within PRL237 and is on the same structural trend as the Padulla Oil Field
 - Dalray 1 drilled in 2006, had oil shows over 18m of Murta.
 - Any valid traps in PRL237 are next in line to receive spill-up charge from the Padulla Oil Field.
 - JV decision to progress activity deferred to FY2021



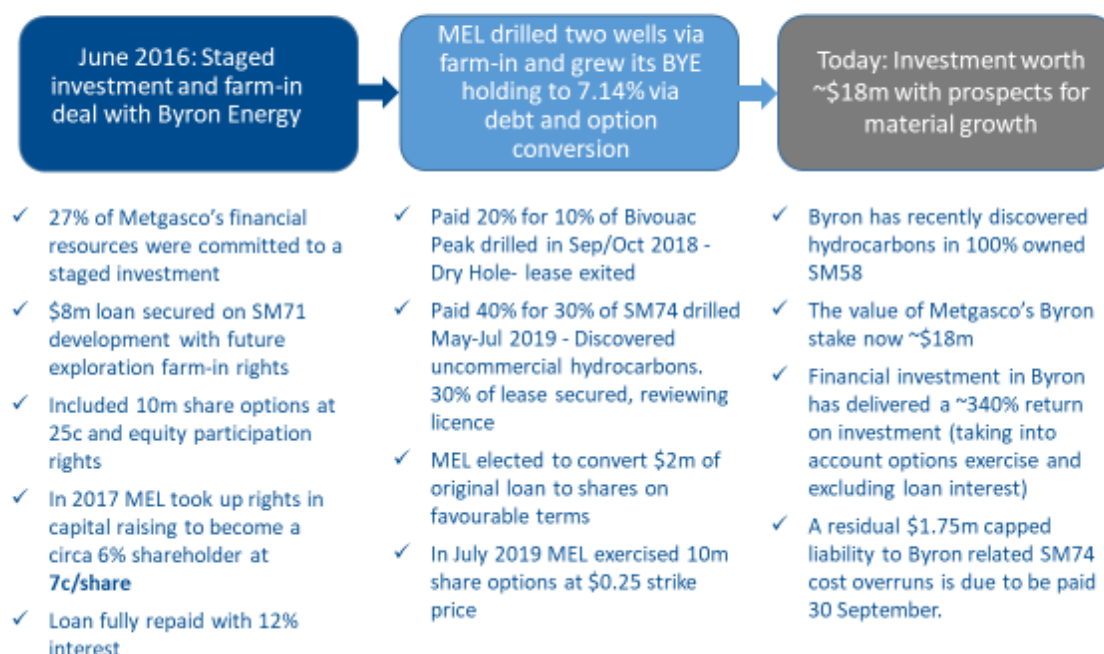
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Byron Energy: A strategic investment for growth

METGASCO

Metgasco's 3+ year investment relationship with Byron Energy has delivered strong returns to our shareholders, despite exploration disappointments in the Gulf of Mexico

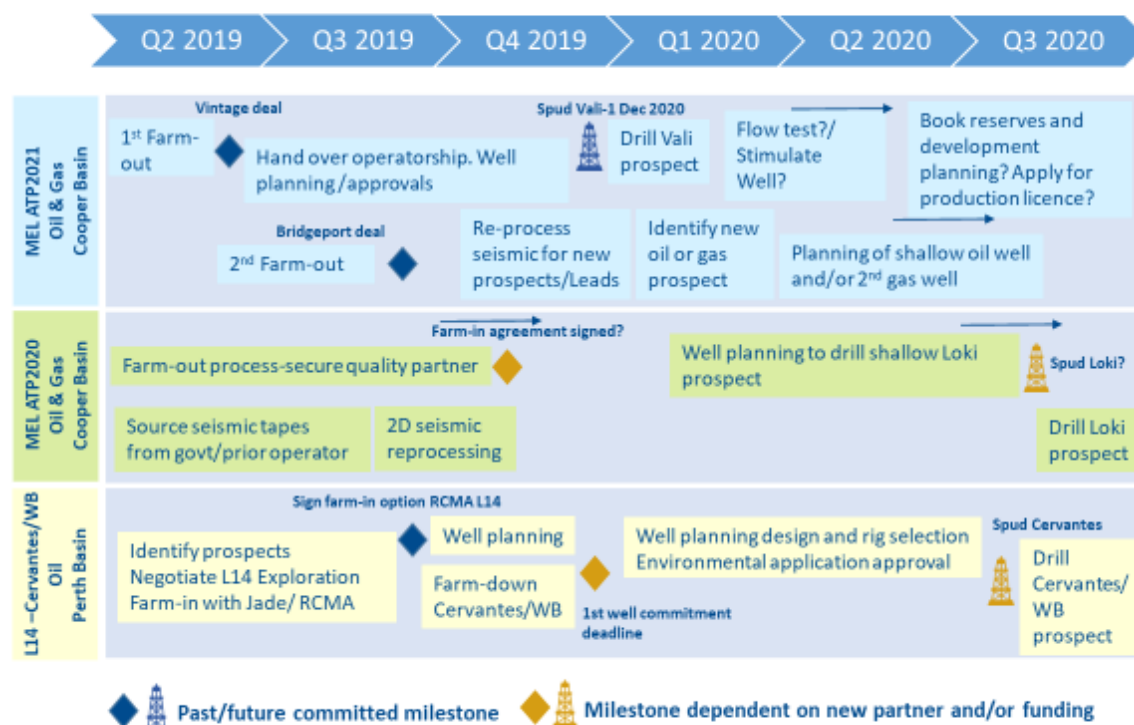


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2019/2020 Indicative exploration timeline

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Conclusions - Upcoming investment highlights

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Near term operational, corporate and macro news flows will provide a number of share price catalysts

Cervantes/WB Farm-down <i>Perth Basin L14</i>	MEL has initiated a farm-out process to reduce financial exposure to paying 100% of the Cervantes/WB well cost
Cervantes/WB Drilling Commitment <i>Perth Basin L14</i>	MEL seconded by RCMA as exploration well project manager to drill a high COS well in an oil prone basin by Q3 CY2020
Farm-out of ATP2020	In the process analysing re-processed seismic which will be a catalyst to farm-out up to 50% of the ATP2020 licence
Drilling Vali-1 prospect <i>ATP2021</i>	Planning underway to drill Vali prospect on ATP2021 in late Q4 CY 2019. On success well test/stimulate and tie back rapidly
Complete ATP2021 2D Seismic Re-Processing	Determine shallow oil prospectivity by Q1 CY 2020. Identify shallow Jurassic oil prospect in CY 2020
Identify 2nd PB Well <i>Perth Basin L14</i>	Further G&G work on numerous leads and prospects to identify 2 nd optional well on L14 licence

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Disclaimer / Prospective Resource Notes

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- Cautionary statement prospective resources: the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
- Competent Person Statement: The reported Perth Basin prospective resource estimates are based on information compiled or reviewed by Dr. R. Willink who holds a PhD and a BSc (Hons) in Geology and is a member of AAPG and PESA. Dr. Willink is a Non-Executive director of Metgasco and is currently an Advisor on Exploration of the privately-owned Timor Resources and has worked in the petroleum industry as a practicing geologist for over 40 years. Dr. Willink has consented to the inclusion in this report of matters based on his information in the form and context in which it appears.

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1. Executive Summary

Metgasco Ltd (Metgasco) engaged RISC advisory Ltd (RISC) to provide an opinion of the value of Metgasco's interests in the L14 production license in the Perth Basin. Metgasco have recently negotiated a farm-in with Jade Energy (Jade) which includes an option to drill up to two prospects.

L14 was granted in June 2004 and the licence expires in June 2025. RCMA Australia P/L is 100% holder (subject to FIRB approval) of the permit and is a subsidiary of Jade.

The Cervantes prospect is the focus of this report. The mid case prospective resource estimate for Cervantes is 17.4 MMbbls gross or 10.4 MMbbls net to Metgasco, once the farm-in has been completed. These resource estimates have an associated risk of discovery and a risk of development and further exploration appraisal and evaluation will be required to determine the existence of potentially significant moveable hydrocarbons. Metgasco carry a probability of success (POS) of 14% for the Dongara reservoir and 20% for the Kingia and Highcliff sandstone (HCSS) reservoirs, which RISC considers to be reasonable.

Table 1-1: Prospective resource estimates for the Cervantes prospect (100%)

Reservoir	POS	Low MMbbls	Mid MMbbls	High MMbbls
Dongara	14%	5.4	12.1	23.2
Kingia	20%	1.2	3.4	9.1
HCSS	20%	0.5	1.9	5.9
Arithmetic total		7.1	17.4	38.3

Our assessment of the value is provided in Table 1-2. We have assessed the value on the basis of farm-in promotion factors and have provided an expected monetary value (EMV) for context. The nominal value is the value of the opportunity once Metgasco have committed to the expenditure. The premium value represents the cash amount that Metgasco will pay to the farmor in return for the acquisition of the interest in opportunity. The EMV is the risked NPV of the project less the cost of failure. EMV calculations are more applicable for prospect ranking where a number of mature prospects are being ranked against each other. However, we include it for completeness as it demonstrates the potentially high value of a successful outcome of the exploration opportunity. The EMV of \$28.4 million for Cervantes prospect is based on the potential development of the Dongara and Kingia reservoirs only (it excludes HCSS).

Table 1-2: Value of Metgasco interest in L14

Asset	Well cost (\$million)	Nominal value (\$million)	Premium value (\$million)	EMV (\$million)
1 st well (Cervantes)	5.0 – 7.0	5.0 – 7.0*	2.0 – 2.8*	28.4
2 nd well	6.0 – 7.5	6.0 – 7.5*	2.4 – 3.0*	
Total	11.0 – 14.5	11.0 – 14.5	4.4 – 5.8	

*Value will only be realised after Metgasco has committed to drilling the exploration wells

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2. Introduction

2.1. L14 overview

Production license L14 is located onshore Western Australian, approximately 380 km north of Perth and adjacent to the coastline (Figure 2-1). L14 is surrounded by several significant oil and gas fields. L14 contains the Jingemba oil field and a number of exploration prospects which include Cervantes, Agile, Agile West (Western Flank) and Tammar. Metgasco consider the most likely charge for these prospects to be oil. The key exploration prospect is Cervantes, which is one of the largest oil exploration prospects in the Perth Basin and is the target for the first well. Importantly, the reservoir depth is relatively shallow (2,600-2,900 m) relative to Waitsia and other recent discoveries in the North Perth Basin.

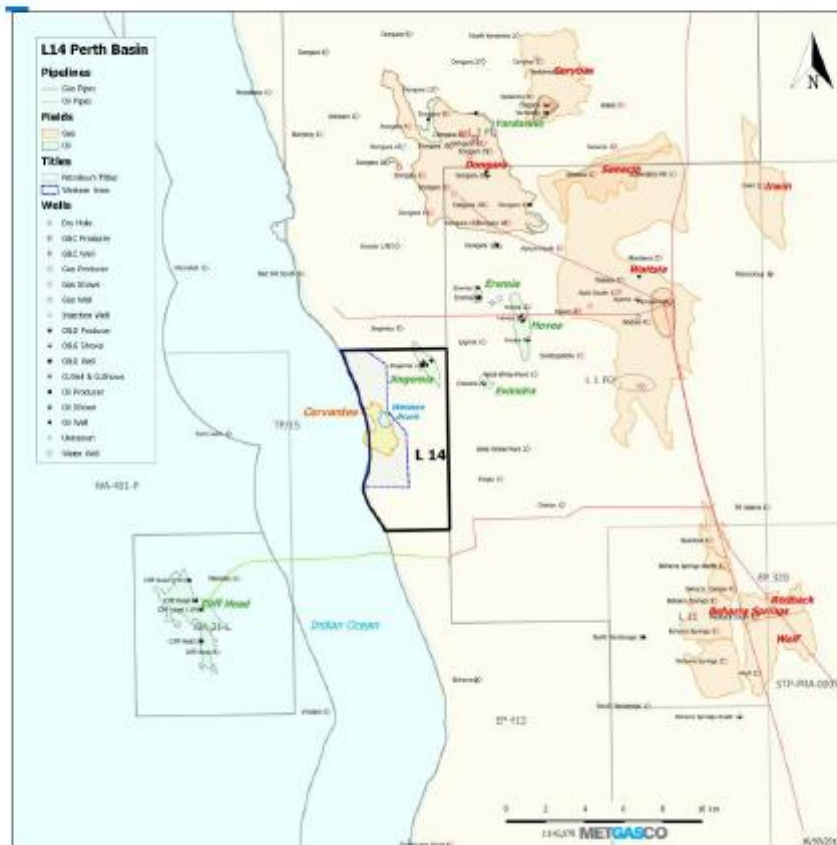


Figure 2-1: Location of L14 permit and surrounding oil and gas fields

2.2. Terms of reference

Metgasco Ltd (Metgasco) engaged RISC Advisory Ltd (RISC) to provide an opinion of the value of Metgasco's interests in the L14 production license in the Perth Basin, based on a farmin they have recently negotiated with Jade Energy (Jade).

The data and information used in the preparation of this report were provided by Metgasco supplemented by public domain information. RISC has relied upon the information provided and has undertaken the evaluation on the basis of a review and audit of existing interpretations and assessments as supplied making adjustments that in our judgment were necessary.

RISC has reviewed the reserves/resources in accordance with the Society of Petroleum Engineers internationally recognised Petroleum Resources Management System (PRMS).

RISC's methodology was to review a probabilistic resource evaluation carried out by Metgasco, modify some of the inputs to after reviewing offset data and update the resource estimation. Details of the findings of our review and the resource estimation process are presented in this report.

3. Subsurface interpretation

L14 is covered by the 3D Denison-Hibbertia-Hovea seismic survey, which was acquired in 2004 (Figure 3-1). There are also several offshore 2D seismic lines which provide regional control. The Tammar prospect is covered by full fold 3D data, while the Cervantes and Agile prospects are located at the edge of the coastline and at the limit of 3D seismic coverage.

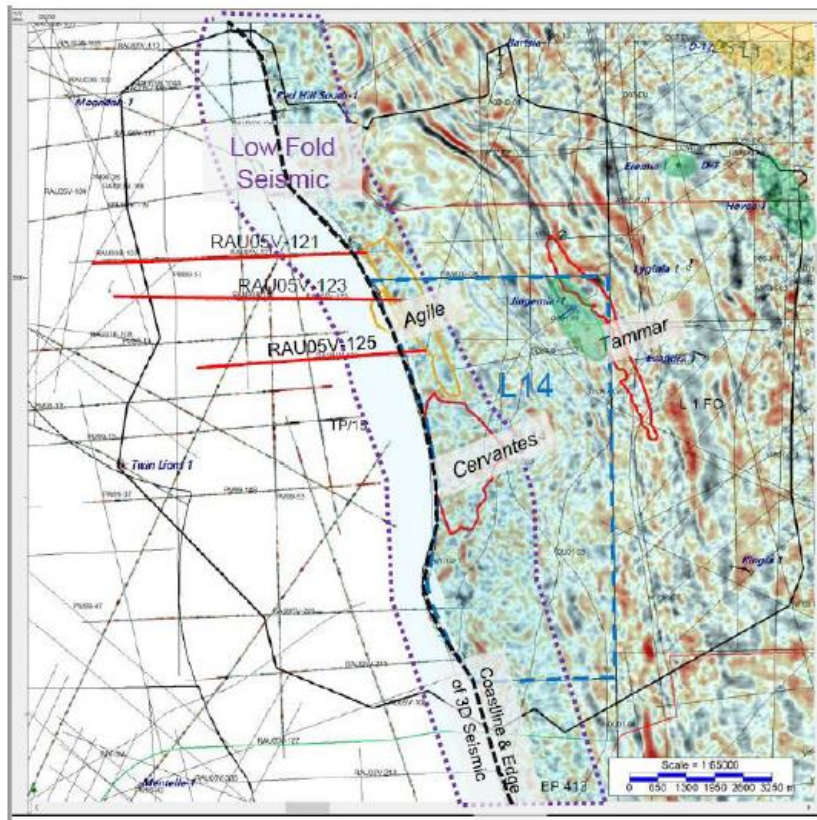


Figure 3-1: Seismic data coverage

The reservoir targets for the Cervantes prospect are the Kingia sandstone and High Cliff sandstone (that are successful in the nearby Waitsia, West Erregulla and Hovea fields) and the overlying Dongara sandstone. Metgasco have interpreted these horizons on the 3D Denison-Hibbertia-Hovea seismic survey and offshore 2D seismic lines, which revealed structural closure at Cervantes. This is consistent with the structural configuration of adjacent discoveries as shown in Figure 3-2.

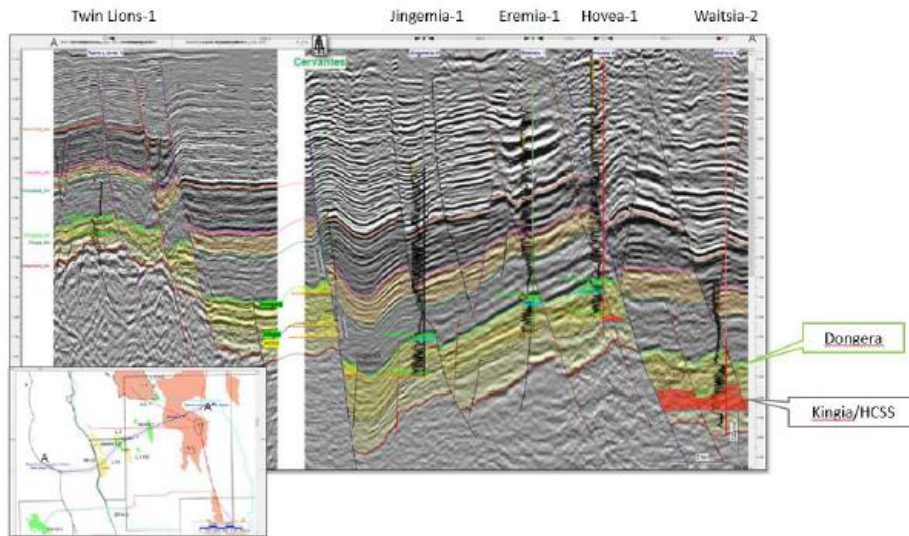


Figure 3-2: Regional seismic line through the Cevantes prospect and Perth Basin discoveries (after Metgasco)

The known hydrocarbon distribution in the North Perth Basin is shown in Figure 3-3. The area of oil shows and oil fields in the west suggests an 'oil fairway' around the northern margins of the Dandaragan Trough, with L14 located within this oil fairway. The 'gas fairway' is most likely related to increased depth of burial of the Kockatea source rock in the Dandaragan Trough.

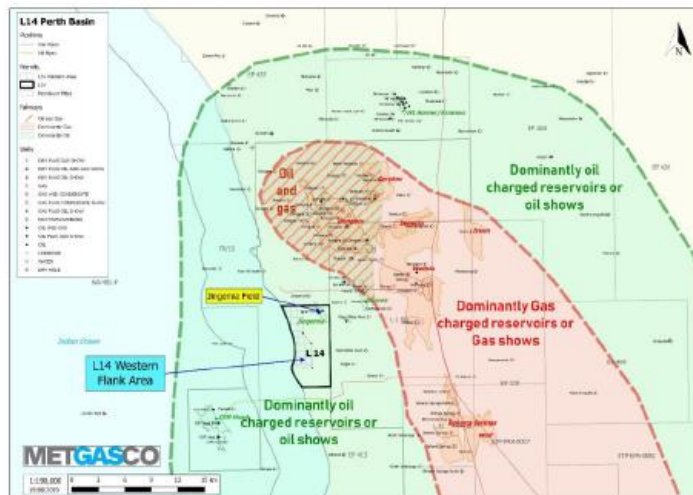


Figure 3-3: Hydrocarbon distribution in the North Perth Basin

4. Cervantes prospective resource assessment

Metgasco estimated the resource range for the Cervantes prospect using a 1D probabilistic approach. RISC has reviewed their workflow and modified some of the inputs based on offset well data. The inputs and results are shown in Table 4-1.

Table 4-1 Cervantes prospective resource estimate

Factor	Dongara			Kingia			HCSS		
	P90	P50	P10	P90	P50	P10	P90	P50	P10
Area (Km ²)	1.73	2.44	3.44	0.71	1.66	3.9	0.71	1.66	3.9
Net reservoir thickness (m)	12	23	40	10	16	22	1	9	23
Shape factor	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Porosity (%)	9.5	11.5	13.5	10	12	14	8	14	18
Sw (%)	17.6	24.5	31	30	41	52	28	44	52
Bo (v/v)	1.12	1.18	1.28	1.12	1.18	1.28	1.07	1.18	1.4
Gross STOIP (MMstb)	10.9	24.2	45	3.2	8.4	22.2	1.6	5.4	16.2
Oil RF (%)	42	50	60	32	40	50	24.5	35	50
Gross Oil Resources (MMstb)	5.4	12.1	23.2	1.2	3.4	9.1	0.5	1.9	5.9

RISC reviewed the Metgasco seismic interpretation on the seismic platform and considers it to be sound. The seismic data quality is of moderate quality at the target level over the 3D Denison-Hibbertia-Hovea seismic survey, but it deteriorates over the Cervantes structure due to low fold and difficulties in imaging beneath the Beagle fault. Nevertheless, the regional mapping confirms the presence of a structural high and RISC supports Metgasco's interpretation of the Cervantes structure. There are several discontinuities over the Cervantes structure, but it is difficult to know if these are due to localised faulting or artefacts of the seismic data.

Metgasco applied an average velocity approach to convert the seismic interpretation to depth with a formula based on TWT and derived from well data. The basis for the formula at Kingia is shown in Figure 4-1.

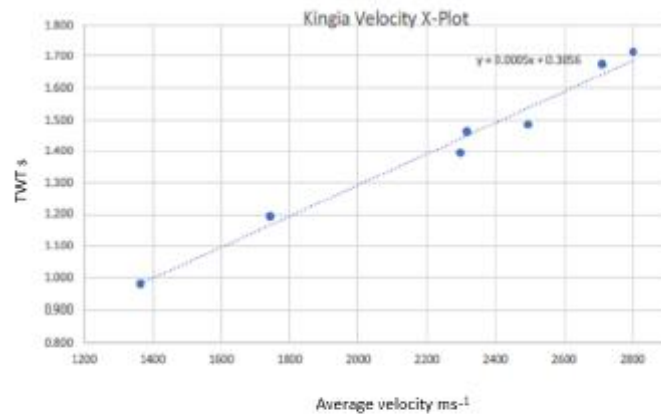


Figure 4-1: Average velocity to Kingia

The resultant velocity grid had some minor miss-ties at the wells, which Metgasco addressed with a residual grid. The corrected velocity grid was then applied to the TWT grid. RISC considers this approach to be a practical and effective method for depth conversion.

The Metgasco depth structure maps of the Cervantes prospect at Dongara and Kingia levels are shown in Figure 4-2, along with the outlines they have used in determining the range of gross rock volume (GRV). These maps demonstrate Cervantes to be a 3-way dip-closed structure, bounded to the east by the Beagle fault. The P10 outlines are set to the structural closure while the P90 outlines are a small area on the crest of the structure. RISC considers this to be reasonable representations of the area of a potential discovery. Metgasco have applied these as a lognormal distribution, which tends to skew the distribution to the low side.

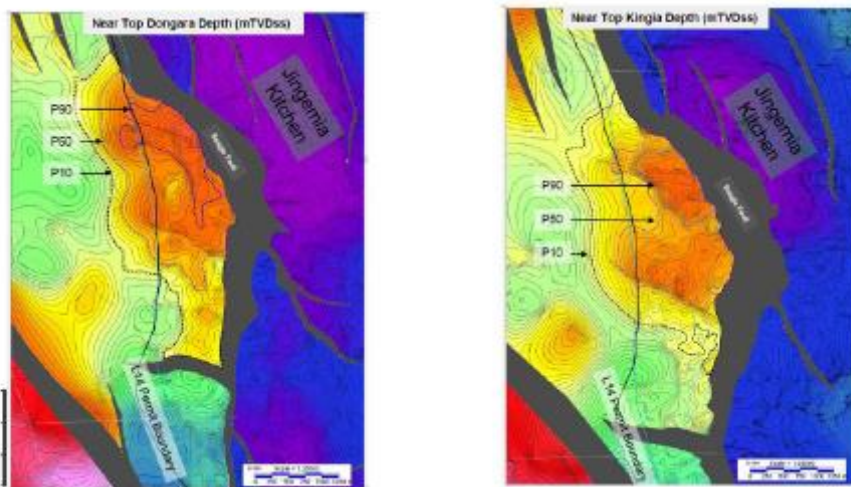


Figure 4-2: Cervantes depth structure maps (Metgasco)



Metgasco applied a shape factor of 0.9 to account for structural thinning of the reservoir at the edge of the structure. RISC considers this is appropriate for the thickness of the reservoir relative to the height of the structure.

RISC reviewed offset well data from well completion reports to determine the reservoir parameters (net reservoir thickness, porosity and water saturation (Sw)). The majority of the relevant data for the Dongara reservoir was from the nearby Jingemina Field (5 km to the east), where we had access to 7 wells. Hovea-1 provided an additional data point, although it is located a further 5 km to the east. The offset well data for the Kingia reservoir was more regional, with the key wells being Jingemina-1, Twin Lions-1 and Kingia-1.

Metgasco have risked the Cervantes prospect for an oil charge and carry a most likely Bo of 1.18. RISC have set the minimum at 1.07 and the maximum of 1.4 in their distributions.

RISC has review Metgasco recovery factors and considers them to be reasonable.

Metgasco carry a probability of success of 20% for the Kinga Sandstone at 20% and 14% for the Dongara Sandstone. RISC considers these to be reasonable.

5. Valuation

5.1. Introduction

There are several accepted oil and gas industry practices that can be used to estimate the value of exploration assets. These include farm-in promotion factors, comparable transaction metrics, work program, expected monetary value (EMV) and market factors. Metgasco have instructed RISC to value the assets based on farm-in promotion factors and provide EMV for context.

There are several terms associated with farm-in promotion factors:

- **Nominal/perceived value.** This is an estimate of value based on the share of future costs likely to be borne by a farmee under prevailing market conditions. It is the amount spent by the farmee divided by the interest earned.
- **Promotion factor.** A premium or promotion factor may be paid by the farmee. The promotion factor is the ratio of the activity being paid for and the amount of equity being earned and will depend on the perceived prospectivity of the asset, competition and general market conditions.
- **Premium value/fair market value.** This is the difference between the nominal value and the cost of the activity. It is equivalent to the farmee paying the farmor a cash amount in return for the acquisition of the interest in opportunity.

EMV is calculated as the success case NPV times the probability of success less the cost of failure (dry hole well cost) multiplied by the probability of failure. The EMV method provides a more representative estimate of value in areas with a statistically significant number of mature prospects within proven commercial hydrocarbon provinces where the chance of success and volumes can be assessed with a reasonable degree of predictability. EMVs may require discounting to estimate market value depending upon project maturity and uncertainty.

5.2. Farm-in promotion factors

Metgasco has secured an option to drill two exploration wells in the Western Flank of L14. Under the terms of the farm-in agreement, Metgasco will pay 100% costs for an exploration well for 60% equity in any discovery i.e. a promote of 1.67. The first well is planned in the period between July to September 2020 and the option is exercisable up to 15 November 2019. Metgasco are currently seeking to farmout a 30% participating interest under the same terms as the Metgasco farm-in (pay 50% of well cost for 30% equity). Metgasco has an option to drill a second well by December 2020, with the option exercisable between April and December 2020.

The 1.67 promote is consistent with recent farm-in deals in the Perth Basin as shown in Table 5-1.

Table 5-1: Recent farm-in deals in the Perth Basin

Date	Buyer	Seller	Key Assets	Deal summary	Transaction Value (US\$ million)	Promote
Oct 2018	Triangle Energy	Key Petroleum	50% farm-in to PL L7 (Mount Horner Oil Field)	Triangle to earn 50% by funding 100% of 3D (50km ²) and two new wells up to a limit of US\$3 million.	\$3.0	2.0
Mar 2018	Strike Energy	Warrego	50% in EP469 (West Erregulla)	Strike to earn 50% and operatorship of EP469 by funding 100% of one exploration well and associated G&G & G&A costs. Total expenditure capped at A\$11.0 million.	\$8.9	2.0
Feb 2017	3C Group	Norwest Energy	TP/15 (Xanadu-1)	3C will contribute 40% of the well costs to earn a 30% interest in TP/15.	40% of Xanadu-1 well cost	1.33
Sep 2016	Transerv Energy & Triangle Energy	Norwest Energy	TP/15 (Xanadu-1)	Triangle will contribute 40% of the well costs to earn a 30% interest in TP/15. Transerv will contribute 20% of the well costs to earn a 15% interest in TP/15.	60% of Xanadu-1 well cost	1.33

Metgasco also has secured the right to drill an optional 2nd exploration prospect by December 2020, within uncommitted areas of the L14 licence on like for like farm-in terms subject to the first well having been committed on a firm basis for drilling in 2020. This option is exercisable between April and December 1, 2020.

For the Cervantes prospect, the well is expected to cost between \$5.0 million and \$7.0 million. On this basis, the 100% nominal value lies between \$8.3 million and \$11.7 million, the promotion factor is 1.67 and the premium value is between \$3.0 million and \$4.7 million. Metgasco share (60%) of the nominal value will be between \$5.0 million and \$7.0 million and their share of the premium value will lie between \$2.0 million and \$2.8 million.

The second prospect will be deeper and the well is expected to cost between \$6.0 million and \$7.5 million. On this basis the Metgasco share of the nominal value is between \$6.0 million and \$7.0 million and the premium value lies between \$2.4 million and \$3.0 million.

The above values will only be realised once Metgasco has committed to drill the exploration wells.

5.3. EMV

Metgasco provided RISC with a simple cashflow model to evaluate success case scenarios. RISC reviewed the model and found it to be reasonable. RISC has modified the model inputs to reflect the prospective resources shown in Table 4-1 and our view of well numbers required to recover these resources.

The success case outcome for the prospective resources shown in Table 4-1 have significantly positive NPVs. Any oil discovery could be tied back at relatively low cost to the Jingemba oil production facility. Metgasco have negotiated a commercial agreement with RCMA for processing any oil produced for a cost of A\$15/Bbl. NPVs for the Cervantes prospect are shown in Table 5-2. Note these NPVs and the resulting EMV do not reflect recovery from the HCSS.

Table 5-2 Cervantes success case NPVs (Net to Metgasco)

Target	POS	Low	Mid	High
Dongara	14%	76.2	143.5	250.4
Kingia	20%	21.7	63.6	127.7

Key assumptions are:

- NPV at 10% discount rate in nominal (money of the day) terms;
- Oil price USD \$60.5/Bbl constant in nominal terms (before processing and transport fees);
- AUD/USD 0.68;
- Tax credit of \$88m applied to Metgasco share of cashflow (advised by Metgasco, not verified by RISC).

For EMV calculations, RISC has assumed a dry hole well cost of \$6 million. We have also assumed some dependency with POS. In the event of Dongara success, we have increased the POS of the Kingia Sandstone to 25%, while we have reduced to 15% in the case of failure. The resulting EMV is \$28.4 million.

6. Declarations

6.1. Terms of Engagement

This report, any advice, opinions or other deliverables are provided pursuant to the Engagement Contract agreed to and executed by the Metgasco (the Client) and RISC.

6.2. Qualifications

RISC is an independent oil and gas advisory firm. All of the RISC staff engaged in this assignment are professionally qualified engineers, geoscientists or analysts, each with many years of relevant experience and most have in excess of 20 years.

RISC was founded in 1994 to provide independent advice to companies associated with the oil and gas industry. Today the company has approximately 40 highly experienced professional staff at offices in Perth, Brisbane, Jakarta and London. We have completed over 2,000 assignments in 70+ countries for nearly 500 clients. Our services cover the entire range of the oil and gas business lifecycle and include:

- Oil and gas asset valuations, expert advice to banks for debt or equity finance;
- Exploration/portfolio management;
- Field development studies and operations planning;
- Reserves assessment and certification, peer reviews;
- Gas market advice;
- Independent Expert/Expert Witness;
- Strategy and corporate planning.

The preparation of this report has been managed by Mr Stephen Newman who is an employee of RISC. Mr Newman is a member of the Society of Petroleum Evaluation Engineers (SPEE) and holds a BSc (Exploration Sciences), Nottingham University, 1980 and an MSc (Petroleum Geology), Imperial College, 1985. Mr Newman has over 35 years' experience in the sector and is a qualified petroleum reserves and resources evaluator (QPRRE) as defined by ASX listing rules.

6.3. Standard

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018.

6.4. Limitations

The assessment of petroleum assets is subject to uncertainty because it involves judgments on many variables that cannot be precisely assessed, including reserves/resources, future oil and gas production rates, the costs associated with producing these volumes, access to product markets, product prices and the potential impact of fiscal/regulatory changes.

The statements and opinions attributable to RISC are given in good faith and in the belief that such statements are neither false nor misleading. While every effort has been made to verify data and resolve apparent inconsistencies, neither RISC nor its servants accept any liability, except any liability which cannot



be excluded by law, for its accuracy, nor do we warrant that our enquiries have revealed all of the matters, which an extensive examination may disclose. In particular, we have not independently verified property title, encumbrances or regulations that apply to these assets.

RISC has also not audited the opening balances at the valuation date of past recovered and unrecovered development and exploration costs, undepreciated past development costs and tax losses.

We believe our review and conclusions are sound but no warranty of accuracy or reliability is given to our conclusions.

6.5. Use of Advice or Opinion and Reliance

- a) The Client acknowledges and agrees that any advice or opinion provided by RISC is for the sole benefit of the Client and, except in accordance with this clause, may not be relied upon by any third party.
- b) The final Report, any advice, opinions or other deliverables provided pursuant to the Contract (**Deliverables**), and the intellectual property contained therein remains the property of RISC.
- c) RISC grants an exclusive worldwide licence to the Client to use the Report and the Deliverables without cost or restriction on use and the Client may use information from the Report and the Deliverables, and name RISC in its presentations and reports, provided that:
 - i. the context in which the information is provided does not fundamentally change the original advice or opinions or render the information misleading in any way;
 - ii. any assumptions necessary to the proper understanding of the information are included in the presentation or report; and
 - iii. it is clear to the recipients or audience of the presentation or report that the information is not provided on a reliance basis.
- d) The Client must not disclose the Report to any third party unless and until:
 - i. the Client obtains the prior written consent of RISC, not to be unreasonably withheld; and
 - ii. If that third party wishes to rely on the report (**Deliverables**), that third party signs and returns a copy of a reliance letter, in a form suitable to RISC.

6.6. Independence

RISC makes the following disclosures:

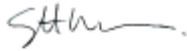
- a) RISC is independent with respect to Metgasco and confirms that there is no conflict of interest with any party involved in the assignment.
- b) Under the terms of engagement between RISC and Metgasco, RISC will receive a time-based fee, with no part of the fee contingent on the conclusions reached, or the content or future use of this report. Except for these fees, RISC has not received and will not receive any pecuniary or other benefit whether direct or indirect for or in connection with the preparation of this report.
- c) Neither RISC Directors nor any staff involved in the preparation of this report have any material interest in Metgasco or in any of the properties described herein.

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6.8. Authorisation for release

This Report is authorised for release by Mr. Stephen Newman, dated 3 October 2019.



Stephen Newman
Principal Advisor, RISC

7. List of terms

The following lists, along with a brief definition, abbreviated terms that are commonly used in the oil and gas industry and which may be used in this report.

Term	Definition
1P	Equivalent to Proved reserves or Proved in-place quantities, depending on the context.
1Q	1st Quarter
2P	The sum of Proved and Probable reserves or in-place quantities, depending on the context.
2Q	2nd Quarter
2D	Two Dimensional
3D	Three Dimensional
4D	Four Dimensional – time lapsed 3D in relation to seismic
3P	The sum of Proved, Probable and Possible Reserves or in-place quantities, depending on the context.
3Q	3rd Quarter
4Q	4th Quarter
AFE	Authority for Expenditure
Bbl	US Barrel
BBL/D	US Barrels per day
BCF	Billion (10 ⁹) cubic feet
BCM	Billion (10 ⁹) cubic metres
BFPD	Barrels of fluid per day
BOPD	Barrels of oil per day
BTU	British Thermal Units
BOEPD	US barrels of oil equivalent per day
BWPD	Barrels of water per day
°C	Degrees Celsius
Capex	Capital expenditure
CAPM	Capital asset pricing model
OGR	Condensate Gas Ratio – usually expressed as bbl/MMscf
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources as defined in the SPE-PRMS.
CO ₂	Carbon dioxide
CP	Centipoise (measure of viscosity)
CPI	Consumer Price Index
DEG	Degrees
DHI	Direct hydrocarbon indicator
Discount Rate	The interest rate used to discount future cash flows into a dollars of a reference date
DST	Drill stem test
E&P	Exploration and Production
EG	Gas expansion factor. Gas volume at standard (surface) conditions/gas volume at reservoir conditions (pressure and temperature)
EIA	US Energy Information Administration

Term	Definition
EMV	Expected Monetary Value
EOR	Enhanced Oil Recovery
ESMA	European Securities and Markets Authority
ESP	Electric submersible pump
EUR	Economic ultimate recovery
Expectation	The mean of a probability distribution
F	Degrees Fahrenheit
FDP	Field Development Plan
FEED	Front End Engineering and design
FID	Final investment decision
FM	Formation
FPSO	Floating Production Storage and offtake unit
FWL	Free Water Level
FVF	Formation volume factor
GIIP	Gas Initially In Place
GJ	Giga (10 ⁹) joules
GOC	Gas-oil contact
GOR	Gas oil ratio
GRV	Gross rock volume
GSA	Gas sales agreement
GTL	Gas To Liquid(s)
GWC	Gas water contact
H ₂ S	Hydrogen sulphide
HHV	Higher heating value
ID	Internal diameter
IRR	Internal Rate of Return is the discount rate that results in the NPV being equal to zero.
JV(P)	Joint Venture (Partners)
Kh	Horizontal permeability
km ²	Square kilometres
Krw	Relative permeability to water
Kv	Vertical permeability
kPa	Kilo (thousand) Pascals (measurement of pressure)
Mstb/d	Thousand Stock tank barrels per day
LIBOR	London inter-bank offered rate
LNG	Liquefied Natural Gas
LTBR	Long-Term Bond Rate
m	Metres
MDT	Modular dynamic (formation) tester
mD	Millidarcies (permeability)
MJ	Mega (10 ⁶) Joules
MMbbl	Million US barrels
MMscf(d)	Million standard cubic feet (per day)

Term	Definition
MMstb	Million US stock tank barrels
MOD	Money of the Day (nominal dollars) as opposed to money in real terms
MOU	Memorandum of Understanding
Mscf	Thousand standard cubic feet
Mstb	Thousand US stock tank barrels
MPa	Mega (10 ⁶) pascal (measurement of pressure)
mss	Metres subsea
MSV	Mean Success Volume
mTVDss	Metres true vertical depth subsea
MW	Megawatt
NPV	Net Present Value (of a series of cash flows)
NTG	Net to Gross (ratio)
ODT	Oil down to
OGIP	Original Gas In Place
OOIP	Original Oil in Place
Opex	Operating expenditure
OWC	Oil-water contact
P90, P50, P10	90%, 50% & 10% probabilities respectively that the stated quantities will be equalled or exceeded. The P90, P50 and P10 quantities correspond to the Proved (1P), Proved + Probable (2P) and Proved + Probable + Possible (3P) confidence levels respectively.
PBU	Pressure build-up
PJ	Peta (10 ¹⁵) Joules
POS	Probability of Success
Possible Reserves	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Possible Reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.
Probable Reserves	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Probable Reserves are those additional Reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.
Prospective Resources	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations as defined in the SPE-PRMS.
Proved Reserves	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. Often referred to as 1P, also as "Proven".
PSC	Production Sharing Contract
PSDM	Pre-stack depth migration
PSTM	Pre-stack time migration

Term	Definition
psia	Pounds per square inch pressure absolute
p.u.	Porosity unit e.g. porosity of 20% +/- 2 p.u. equals a porosity range of 18% to 22%
PVT	Pressure, volume & temperature
QA/QC	Quality Assurance/ Control
rb/stb	Reservoir barrels per stock tank barrel under standard conditions
RFT	Repeat Formation Test
Real Terms (RT)	Real Terms (in the reference date dollars) as opposed to Nominal Terms of Money of the Day
Reserves	RESERVES are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.
RT	Measured from Rotary Table or Real Terms, depending on context
SC	Service Contract
scf	Standard cubic feet (measured at 60 degrees F and 14.7 psia)
Sg	Gas saturation
Sgr	Residual gas saturation
SRD	Seismic reference datum lake level
SPE	Society of Petroleum Engineers
SPE-PRMS	Petroleum Resources Management System, prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018.
s.u.	Fluid saturation unit. e.g. saturation of 80% +/- 10 s.u. equals a saturation range of 70% to 90%
stb	Stock tank barrels
STOIIP	Stock Tank Oil Initially In Place
Sw	Water saturation
TCM	Technical committee meeting
Tcf	Trillion (10 ¹²) cubic feet
TJ	Tera (10 ¹²) Joules
TLP	Tension Leg Platform
TRSSV	Tubing retrievable subsurface safety valve
TVD	True vertical depth
US\$	United States dollar
US\$ million	Million United States dollars
WACC	Weighted average cost of capital
WHFP	Well Head Flowing Pressure
Working interest	A company's equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms.
WPC	World Petroleum Council
WTI	West Texas Intermediate Crude Oil

ANNEXURE E – ASX ANNOUNCEMENTS OF METGASCO (ASX: MEL) SINCE 1 JULY 2019:

Date	Headline	Link to Announcement
4 Oct 19	Independent Report Increases Cervantes Prospective Resources	https://www.asx.com.au/asxpdf/20191004/pdf/4496j9vjg4y1np.pdf
3 Oct 19	MAY: Supplementary Bidder's Statement	https://www.asx.com.au/asxpdf/20191003/pdf/4495v15n8970qz.pdf
3 Oct 19	MAY:Cuba - Amendments to Block 9 Production Sharing Contract	https://www.asx.com.au/asxpdf/20191003/pdf/4495jlnqf6yw1.pdf
3 Oct 19	STATUS OF MELBANAS CUBA BLOCK PSC 9	https://www.asx.com.au/asxpdf/20191003/pdf/44951h79j5yjp9.pdf
1 Oct 19	Date of Annual General Meeting	https://www.asx.com.au/asxpdf/20191001/pdf/449397c6qxbjdj.pdf
1 Oct 19	In Species Distribution of BYE Shares	https://www.asx.com.au/asxpdf/20191001/pdf/44933qdt2ss9w6.pdf
1 Oct 19	ATP2021 Vali Prospect Update	https://www.asx.com.au/asxpdf/20191001/pdf/4492xkvxx3l09s.pdf
1 Oct 19	VEN: ATP 2021 JV targeting Vali prospect	https://www.asx.com.au/asxpdf/20191001/pdf/4492x9kz56l0xq.pdf
25 Sep 19	Melbana Bidder's Statement	https://www.asx.com.au/asxpdf/20190925/pdf/448vn5cqqfz9k5.pdf
25 Sep 19	Bidder's Statement - Completion of Despatch	https://www.asx.com.au/asxpdf/20190925/pdf/448ttvzvsmsy5x.pdf
24 Sep 19	MAY: Bidder's Statement - Commencement of Despatch	https://www.asx.com.au/asxpdf/20190924/pdf/448t4y3h8dmcpm.pdf
18 Sep 19	Form 604 for BYE	https://www.asx.com.au/asxpdf/20190918/pdf/448mp11xv9r5kh.pdf
18 Sep 19	Discharge of Byron Energy debt via share disposal	https://www.asx.com.au/asxpdf/20190918/pdf/448mnz4k65qsj1.pdf
16 Sep 19	MAY: Register Date Notice	https://www.asx.com.au/asxpdf/20190916/pdf/448kwk94190ydf.pdf
11 Sep 19	Good Oil Conference Presentation	https://www.asx.com.au/asxpdf/20190911/pdf/448f9pfjyqkfz.pdf
10 Sep 19	MAY: Bidder's Statement	https://www.asx.com.au/asxpdf/20190910/pdf/448dmy89nysd81.pdf
10 Sep 19	Significant Prospective Resources Mapped in Perth Basin	https://www.asx.com.au/asxpdf/20190910/pdf/448dhdbv0ltytm.pdf
10 Sep 19	MAY: Waiver of Breaches of Offer Conditions	https://www.asx.com.au/asxpdf/20190910/pdf/448cx9h3r1hwmv.pdf
9 Sep 19	Perth Basin farm-in agreement executed	https://www.asx.com.au/asxpdf/20190909/pdf/448bvstrm74t2d.pdf
4 Sep 19	Appendix 4G and Corporate Governance Statement	https://www.asx.com.au/asxpdf/20190904/pdf/4487lscjh827bn.pdf
4 Sep 19	Annual Financial Report - Year ended 30 June 2019	https://www.asx.com.au/asxpdf/20190904/pdf/4487fmb3xwmfzc.pdf
2 Sep 19	MAY: ASIC Grants Extension to Dispatch Bidders Statement	https://www.asx.com.au/asxpdf/20190902/pdf/4484hzk73v72sl.pdf
29 Aug 19	Metgasco Bridgeport Farm Out Agreement ATP 2021	https://www.asx.com.au/asxpdf/20190829/pdf/4480hb3l95cy5p.pdf
30 Jul 19	Quarterly Activities Report	https://www.asx.com.au/asxpdf/20190730/pdf/44705d16xwn1sw.pdf
30 Jul 19	Quarterly Cashflow Report	https://www.asx.com.au/asxpdf/20190730/pdf/4470582xlykqr.pdf
26 Jul 19	Change in substantial holding from BYE	https://www.asx.com.au/asxpdf/20190726/pdf/446xqilmzr4s6z.pdf
25 Jul 19	MAY: Binding intention to make a takeover bid for Metgasco	https://www.asx.com.au/asxpdf/20190725/pdf/446wqjc25cfk5r.pdf
25 Jul 19	Change of Substantial Shareholder Notice from KBC	https://www.asx.com.au/asxpdf/20190725/pdf/446wdk2h6kf0c0.pdf
23 Jul 19	MAY: Response to MEL announcement on South Marsh 74 Project	https://www.asx.com.au/asxpdf/20190723/pdf/446sz4sh5kxwc5.pdf
18 Jul 19	BYE: Metgasco Exercises 10 million Byron Options	https://www.asx.com.au/asxpdf/20190718/pdf/446pzjm86w7057.pdf
18 Jul 19	Metgasco Concludes Financial Exposure to SM74 Drill Program	https://www.asx.com.au/asxpdf/20190718/pdf/446pz8tpbtqcr4.pdf
17 Jul 19	BYE: Post Hurricane Barry Operational Update	https://www.asx.com.au/asxpdf/20190717/pdf/446nzlkhvgsitt.pdf
16 Jul 19	Becoming a substantial holder from MAY	https://www.asx.com.au/asxpdf/20190716/pdf/446ncrsndfdwxd.pdf
16 Jul 19	Trading Halt	https://www.asx.com.au/asxpdf/20190716/pdf/446n36v27qsh4m.pdf
15 Jul 19	Notice of Intention of Off-Market Takeover Received	https://www.asx.com.au/asxpdf/20190715/pdf/446mh0qxqth0hw.pdf
15 Jul 19	MAY: Conditional intention to make a takeover bid for Metgasco	https://www.asx.com.au/asxpdf/20190715/pdf/446m5rrrts1h7t.pdf
11 Jul 19	BYE: Tropical Storm Barry	https://www.asx.com.au/asxpdf/20190711/pdf/446k11dq89090m.pdf
5 Jul 19	South Marsh Island 74 D-14 Well Plugged and Abandon	https://www.asx.com.au/asxpdf/20190705/pdf/446drrxb03ckmfg.pdf

Date	Headline	Link to Announcement
5 Jul 19	BYE: SM74 D14 well Progress Report	https://www.asx.com.au/asxpdf/20190705/pdf/446dqnz9yf8900.pdf
2 Jul 19	VEN: Cooper Basin Farm-in Agreement and JOA Executed	https://www.asx.com.au/asxpdf/20190702/pdf/4469wnkc2661hn.pdf
2 Jul 19	Farm-Out Agreement Executed on ATP 2021	https://www.asx.com.au/asxpdf/20190702/pdf/4469wlhmhighzv.pdf
2 Jul 19	South Marsh Island 74 D-14 Progress Report	https://www.asx.com.au/asxpdf/20190702/pdf/4469hmwh603tyg.pdf
2 Jul 19	BYE: SM74 D14 Well Progress Report	https://www.asx.com.au/asxpdf/20190702/pdf/4469hb9q5c7q5r.pdf

ANNEXURE F – ASX ANNOUNCEMENTS OF MELBANA ENERGY (ASX: MAY) SINCE 1 JULY 2019:

Date	Headline	Link to Announcement
3 Oct 19	Supplementary Bidder's Statement	https://www.asx.com.au/asxpdf/20191003/pdf/4495v15n8970qz.pdf
3 Oct 19	Cuba - Amendments to Block 9 Production Sharing Contract	https://www.asx.com.au/asxpdf/20191003/pdf/4495jlnqf6yw1.pdf
3 Oct 19	Beehive - Option expiry extended by one month	https://www.asx.com.au/asxpdf/20191003/pdf/4495d009wbk8pl.pdf
3 Oct 19	MEL: STATUS OF MELBANAS CUBA BLOCK PSC 9	https://www.asx.com.au/asxpdf/20191003/pdf/44951h79j5yjp9.pdf
25 Sep 19	MEL: Melbana Bidder's Statement	https://www.asx.com.au/asxpdf/20190925/pdf/448vn5cqqfz9k5.pdf
25 Sep 19	MEL: Bidder's Statement - Completion of Despatch	https://www.asx.com.au/asxpdf/20190925/pdf/448ttvzvsmsy5x.pdf
24 Sep 19	Bidder's Statement - Commencement of Despatch	https://www.asx.com.au/asxpdf/20190924/pdf/448t4y3h8dmcpm.pdf
24 Sep 19	Appendix 3B - Metgasco Takeover Bid	https://www.asx.com.au/asxpdf/20190924/pdf/448t4w3hsvhjyg.pdf
16 Sep 19	Register Date Notice	https://www.asx.com.au/asxpdf/20190916/pdf/448kwk94190ydf.pdf
12 Sep 19	Melbana Presentation for RIU Good Oil Conference	https://www.asx.com.au/asxpdf/20190912/pdf/448ghfc0mj3q1c.pdf
10 Sep 19	Bidder's Statement	https://www.asx.com.au/asxpdf/20190910/pdf/448dmv89nysd81.pdf
10 Sep 19	Notice of Extraordinary General Meeting/Proxy Form	https://www.asx.com.au/asxpdf/20190910/pdf/448ddrz0ny048v.pdf
10 Sep 19	Waiver of Breaches of Offer Conditions	https://www.asx.com.au/asxpdf/20190910/pdf/448cx9h3r1hwmv.pdf
4 Sep 19	Melbana Presentation for SEAAOC Conference	https://www.asx.com.au/asxpdf/20190904/pdf/44876lkh28qgnw.pdf
2 Sep 19	ASIC Grants Extension of Time to Dispatch Bidders Statement	https://www.asx.com.au/asxpdf/20190902/pdf/4484hzk73v72sl.pdf
30 Aug 19	Appendix 4G and Corporate Governance Statement	https://www.asx.com.au/asxpdf/20190830/pdf/44834dwtv4vgtp.pdf
30 Aug 19	2019 Annual Report to Shareholders	https://www.asx.com.au/asxpdf/20190830/pdf/448346xy6b7c6x.pdf
30 Jul 19	Quarterly Activities Summary & 5B to 30 June 2019	https://www.asx.com.au/asxpdf/20190730/pdf/446zx69k6t6hd6.pdf
25 Jul 19	Binding intention to make a takeover bid for Metgasco	https://www.asx.com.au/asxpdf/20190725/pdf/446wqjc25cfk5r.pdf
25 Jul 19	Section 708A Cleansing Notice and Appendix 3B	https://www.asx.com.au/asxpdf/20190725/pdf/446wb8b58yqz9s.pdf
23 Jul 19	Response to MEL announcement on the South Marsh 74 Project	https://www.asx.com.au/asxpdf/20190723/pdf/446sz4sh5kxwc5.pdf
22 Jul 19	Cuba Update	https://www.asx.com.au/asxpdf/20190722/pdf/446sgfcz6tw2s4.pdf
22 Jul 19	CEO Departure	https://www.asx.com.au/asxpdf/20190722/pdf/446s4ftb80jx33.pdf
16 Jul 19	Becoming a substantial holder for MEL	https://www.asx.com.au/asxpdf/20190716/pdf/446ncrsndfdwxd.pdf
15 Jul 19	MEL: Notice of Intention of Off-Market Takeover Received	https://www.asx.com.au/asxpdf/20190715/pdf/446mh0qxqth0hw.pdf
15 Jul 19	Conditional intention to make a takeover bid for Metgasco	https://www.asx.com.au/asxpdf/20190715/pdf/446m5rrrts1h7t.pdf

ANNEXURE G – DIRECTORS AND OFFICERS INTERESTS (as at 30 June 2019):

Name	Title	Options	Ordinary Shares
Philip Amery	Chairman	-	4,576,477
John Patton	NED	-	550,000
Robert Willink	NED	-	1,282,701
Ken Aitken	CEO	-	160,668

CORPORATE DIRECTORY:

Board of Directors

Philip Amery (Chairman)
John Patton (Non-Executive Director)
Robert Wilink (Non-Executive Director)

Company Secretary

Mark Langan

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