



ASX / MEDIA RELEASE

ASX Code: MEL

22 May 2020

Notice of Meeting and Proxy Form

Metgasco Ltd (ASX:MEL) (**Metgasco** or **the Company**) advises it has issued the Notice of Meeting and Proxy Form (attached) for the General Meeting of Shareholders to be held on Tuesday 23 June 2020 at 10.00am (AWST) / 12.00pm (AEST).

The Explanatory Memorandum contained within the Notice of Meeting gives reference to the performance of Metgasco and certain other ASX listed entities, as relevant to matters raised by the meeting requisitioner. The measurement date used for this analysis was up to 18 May 2020.

This ASX announcement was approved and authorised for release by the Board.

Contact and further information:

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

ENDS

For further information contact:

Philip Amery
Chairman
+ 61 402 091 180
philip.amery@metgasco.com.au

Metgasco Ltd ACN 088 196 383
Level 2, 30 Richardson Street, West Perth, WA

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Metgasco Ltd

ACN 088 196 383

NOTICE OF GENERAL MEETING EXPLANATORY MEMORANDUM AND PROXY FORMS

General Meeting of Shareholders to be held on
Tuesday, 23 June 2020 at 10:00am (AWST) / 12.00pm (AEST)

Via teleconference

This is an important document that requires your immediate attention.

You should read this document in its entirety before deciding whether or not to vote for or against any resolution at the General Meeting. Two Proxy Forms have been enclosed with this Notice for your convenience. The **yellow** Proxy Form has been completed in line with the recommendation of your Directors, so if you sign this form you should ignore the **white** Proxy Form. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

You are **strongly encouraged** to read the attached Explanatory Memorandum and to **exercise your right to vote**.

If you have questions about the General Meeting or the Resolutions, please call the Company on (08) 6245 0060 (within Australia) or +61 8 6245 0060 (outside Australia), Monday to Friday between 9:00am and 5:00pm Perth Time or contact the Company by email at info@metgasco.com.au.



22 May 2020

Dear Fellow Shareholder,

I write to you on behalf of myself, Mr. John Patton and Dr. Robbert Willink, directors of the Company.

The Company has convened this General Meeting in response to a notice given under section 249D of the *Corporations Act 2001 (Cth)* by Melbana Energy Limited (Melbana), which holds a 27.8% interest in the Company.

While Metgasco has been working assiduously to minimise its operating costs, the Company is now required to meet the costs associated with this meeting being called by Melbana, one which we consider meritless and vexatious. These costs are estimated to be \$11,000.

Your Directors unanimously recommend that you vote AGAINST each of the Resolutions proposed by Melbana. Having said that, each director makes no recommendation in relation to those resolutions relating to themselves personally, so as to avoid any potential material personal interests issues arising. Although not the target of any resolution, Dr. Willink has made it clear to me, and wishes shareholders to know, that he may find it very difficult to continue serving as a Director of Metgasco in the event the resolutions put by Melbana were to be passed.

There is much that could be said regarding this vexatious and transparent attempt to seize control of your company. In the interests of time I simply note the following key matters, outlined in the Explanatory Memorandum contained within this document:

- a) On 15 July 2019, Melbana announced its intention to make a takeover offer for the Company. This takeover offer closed on 31 January 2020 with only 8% of acceptances being received from shareholders other than Melbana's chairman Mr. Andrew Purcell, who entered into a pre-bid agreement in relation to his interests in the Company.
- b) On 24 and 28 February 2020, the Company received requests from Melbana for 2 representative directors to be appointed to the Board of the Company, being the same 2 directors that have been proposed by Melbana in resolutions 1 and 2. The Board concluded that there would be no additional skillset added to the Company and that it would not be appropriate for Melbana to hold 40% representation on the Board.
- c) In light of recent assertions made by Melbana regarding the Board's governance, the Company notes its recent letter to shareholders on 31 March 2020. Directors and Management of the Company have personally taken significantly reduced remuneration in order to preserve shareholder funds. Metgasco's directors have worked tirelessly in the Company's interests for very limited compensation, in the face of challenges often related to Melbana's interests, and any suggestions to the contrary are baseless.
- d) Strangely, Melbana has suggested that, because I have bought about 1.54% of Metgasco personally (six million shares, all purchased on market at prices significantly higher than current prices), director's interests are not aligned to those of shareholders (presumably because purchasing 1.54% ownership is not enough). In Melbana's words, "*low levels of ownership can create misalignment between shareholder returns and director remuneration*".

My own remuneration at the Company is, by the by, presently nil.

Melbana has also sought to blame the current Board for the recent decline in its share price when global oil prices have fallen substantially due to issues arising from the global pandemic, cherry picking the date of my election as Chair (August 7 2018) in pointing out that a share price fall has, regrettably, occurred.

Melbana has omitted to comment on its own share price performance, which is telling.

- e) Mr Michael Sandy, who is a current director of Melbana, was appointed to that company's board in July 2015. During his tenure as a director at Melbana shareholder returns have been - **75%** . From August 7 2018 that return has been - **76%** . Mr. Sandy owns 5.4 million shares of Melbana which represents 0.23% of that Company's issued capital of 2,316,851,412 shares. Mr. Sandy is also chairman of MEC Resources Limited (ASX:MMR), which has been suspended from trading since 15 January of this year. Since Mr. Sandy assumed the chair of MMR, shareholder returns have been - **69%** . Mr. Sandy owns 1.29% of MMR, which represents only shares acquired for nil consideration in lieu of director's fees. Mr. Sandy owns no Metgasco shares. On Melbana's own logic Mr. Sandy's alignment to Melbana's shareholders is questionable and that to Metgasco's non-existent.
- f) Mr. Matthew Worner, who has been nominated by Melbana alongside Mr. Sandy, currently serves as a director of Talon Petroleum (ASX:TPD), a Company chaired by Melbana director Peter Stickland. Since Mr. Worner joined the board of Talon in December 2017, shareholder returns have been - **75%** and since August 7 2018 - **80%** . Mr. Worner owns 0.086% of Talon's issued capital of 1,776,789,525 shares. Mr. Worner owns no Metgasco shares. On Melbana's own logic Mr. Worner's alignment to shareholders of his existing corporate interests is questionable and that to Metgasco's likewise non-existent.
- g) Given the extremely low acceptance of the takeover offer from Melbana, the Board sees the proposed resolutions as a transparent attempt to achieve via a 249D notice what was rejected very recently by Metgasco shareholders.

It should be noted that the executive chairman of Melbana has previously served as a Director of Metgasco, and was removed from his position by shareholders of the Company.

If you agree with the recommendations of your Directors, then please complete and return the enclosed yellow Proxy Form in the enclosed reply-paid envelope as soon as possible. Your vote is very important and I urge you to defend your Company.

Under the current Federal and State Government restrictions on public gatherings in place for COVID-19, the Company has decided to hold a hybrid (virtual and physical) meeting which will enable you to have your say about the future of your Company.

Finally, if you would like to discuss any of these matters further, or if have any questions, please feel free to contact me directly, or any of your directors via:

Telephone: (08) 6245 0060 (within Australia) or +61 8 6245 0060 (outside Australia)

Email: info@metgasco.com.au

Yours sincerely,



Philip Amery

Chair

M: 0402 091 180

Philip.Amery@metgasco.com.au

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Metgasco Ltd ACN 088 196 383 will be held at:

Location	Via teleconference
Date	Tuesday, 23 June 2020
Time	10:00am (AWST) / 12.00pm (AEST)
Details	Australia Dial-in Number 1300 264 803 International Dial-in Number +613 8687 0650

Due to Government direction for people to remain in their residence and other restrictions under the Public Health (COVID-19 Restrictions on Gathering and Movement) Order 2020 and for the purposes of public health and safety, Metgasco Limited is not able to allow shareholders to physically attend the Meeting.

On 6 May 2020, temporary modifications to the Corporations Act under the Corporations (Coronavirus Economic Response) Determination (No. 1) 2020 (ASIC Determination) took effect.

Section 5(3)(b) of ASIC's Determination provides for the circumstances where a notice of meeting has already been given by the Company and for the requirement to issue a fresh notice of meeting including the information set out below.

These modifications are designed to further facilitate the holding of meetings (including AGMs) via virtual technology by overcoming existing impediments. Among other things, the Determination:

- deems persons participating via virtual technology to be present at the meeting;
- confirms virtual technology may be used to provide persons entitled to attend a reasonable opportunity to participate in the meeting (including how they participate in a vote taken at the meeting and speak at the meeting to the extent they are entitled to do so);
- provides that a duly appointed proxy must be treated as if he or she attended the meeting in person; and
- allows notices of meeting, and other information regarding a meeting, to be provided by including it in an electronic communication or providing details of an online location where it can be viewed and downloaded.

Metgasco Ltd therefore convenes this General Meeting under the rules as they apply at the date of this Notice of Meeting.

BUSINESS

RESOLUTIONS PROPOSED BY SHAREHOLDER, MELBANA

1. Resolution 1 - Appointment of Director – Michael Sandy

To consider and, if considered appropriate passed as an **ordinary resolution**:

“Michael Sandy be appointed as a director of the Company, with effect from the closure of the meeting”

2. Resolution 1 - Appointment of Director – Matthew Worner

To consider and, if considered appropriate passed as an **ordinary resolution**:

“Matthew Worner be appointed as a director of the Company, with effect from the closure of the meeting”

3. Resolution 3 - Removal of Director - Philip Amery

To consider and, if considered appropriate passed as an **ordinary resolution**:

“Philip Amery be removed as a director of the Company, with effect from the closure of the meeting”

4. Resolution 4 - Removal of Director - John Patton

To consider and, if considered appropriate passed as an **ordinary resolution**:

“John Patton be removed as a director of the Company, with effect from the closure of the meeting”

5. Resolution 5 - Removal of Directors


To consider and, if considered appropriate passed as an **ordinary resolution**:

“Any person appointed as a director of the Company on or after the date of the notice submitted to the Company by Melbana pursuant to section 203D of the Corporations Act 2001 (Cth) in respect of the removal of Philip Amery and John Patton as directors of the Company the commencement of the general meeting at which this resolution is moved to be removed as a director of the Company, with effect from the closure of the meeting”

EXPLANATORY MEMORANDUM

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

RECOMMENDATION OF HOW TO VOTE

The Directors recommend that YOU SHOULD:	
Vote <u>AGAINST</u> Resolutions 1,2, 3, 4 & 5 proposed by Melbana.	

The Explanatory Memorandum provides details as to why the Directors make the above recommendations.

RESOLUTIONS NOT INTERDEPENDENT

None of the Resolutions are interdependent. This means that one or more of the Resolutions can be passed even though one or more of the other Resolutions were not passed by Shareholders.

ENTITLEMENT TO VOTE

It has been determined in accordance with Regulation 7.11.37 of the Corporations Regulations and ASX Settlement Operating Rule 5.6.1, a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of shareholders after close of trading on **Friday, 19 June 2020**. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the General Meeting.

HOW TO VOTE

It is a requirement under the ASIC Determination that voting on all resolutions at the General Meeting will be taken on a poll and not by show of hands and that each person entitled to vote be given the opportunity to participate in the vote in real time or by recording their vote in advance of the meeting. We encourage Shareholders to vote electronically before the meeting.

VOTING IN PERSON

Given the meeting will be conducted by teleconference, Shareholders should use the dial-in details below to access the event, lines will be open 15 minutes prior to the meeting during which Shareholders will need to provide their details for registration to vote.

EVENT CALL PARTICIPANT DIAL IN NUMBERS	
Australia Dial-in Number	1300 264 803
International Dial-in Number	+613 8687 0650

VOTING BY PROXY

A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy. A Shareholder entitled to cast two or more votes may appoint not more than two proxies. Shareholders can appoint a body corporate as well as an individual as their proxy. A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at general meetings of Metgasco or in the capacity of a Shareholder's proxy at general meetings of Metgasco. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a general meeting or in voting on a resolution. A proxy need not be a shareholder of Metgasco.

Either the original, facsimile or electronic transmission of the proxy form(s) and any power of attorney or authority under which they are signed must be received at least 24 hours prior to the General Meeting (i.e. by no later than **10:00am (AWST) / 12:00pm (AEST) on Sunday, 21 June 2020**) or any adjournment. Any proxy form received after this deadline, including at the General Meeting, will be invalid.

Proxy forms and authorities may be sent to the Company's share registrar, **Link Market Services**, by post, personal delivery or fax:

LODGE YOUR VOTE	
	ONLINE www.linkmarketservices.com.au
	BY MAIL Metgasco Ltd C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia
	BY FAX +61 2 9287 0309
	BY HAND Link Market Services Limited 1A Homebush Bay Drive, Rhodes NSW 2138; or Level 12, 680 George Street, Sydney NSW 2000
	ALL ENQUIRIES TO Telephone: +61 1300 554 474

Two Proxy Forms accompany this Notice of Meeting and contain details of how to lodge your proxy form.

Additional proxy forms can be obtained from Metgasco's share registry on request.

Shareholders may lodge their appointment of a proxy online at Link Market Services website, www.linkmarketservices.com.au. To use this facility, you will need to be registered for the Investor Centre using the following link <https://investorcentre.linkmarketservices.com.au/Login/Login> and you will need your holder identification number (**HIN**) or security holder reference number (**SRN**).

If a corporate representative is to attend the General Meeting on behalf of a corporation, a formal *Appointment of Corporate Representative Form* must be brought to the General Meeting. A copy of the Appointment of Corporate Representative Form may be obtained from Metgasco's share registry on request.

How will the Chairman vote as proxy if the Shareholder has not directed the Chairman to vote?

The Chairman intends to vote all undirected proxies **AGAINST** Resolutions 1, 2, 3, 4 and 5. If a Shareholder appoints the Chairman of the General Meeting as proxy and does not direct the Chairman how to vote on the resolution then, if that Shareholder is entitled to vote on that resolution, the Chairman will vote in the manner described above.

Enquiries

If Shareholders have any queries in respect of the matters set out in these documents, they are invited to contact the Company via:

Telephone: (08) 6245 0060 (within Australia) or +61 8 6245 0060 (outside Australia)

Email: info@metgasco.com.au

The Company's Chairman has also kindly offered to take shareholder calls directly. He may be contacted on:

Mobile: 0402 091 180

email: philip.amery@metgasco.com.au

By order of the Board

Mr. Paul Bird

Company Secretary

22 May 2020

EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the General Meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. Annexure A of this Explanatory Memorandum contains definitions of capitalised terms in the Notice of Meeting and this Explanatory Memorandum.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions set out in the Notice of Meeting.

If you are unable to attend the General Meeting, you are encouraged to complete and return the enclosed Proxy Form by **10:00am (AWST) /12.00pm (AEST) on Sunday, 21 June 2020.**

2. WHY YOU SHOULD VOTE AGAINST RESOLUTIONS 1, 2, 3, 4 AND 5

Vote AGAINST Resolutions 1,2, 3, 4 & 5 proposed by Melbana.



2.1. Melbana section 249D notice

As disclosed by the Company to the ASX at 3.45pm on 23 April 2020, the Company received a notice from Melbana, under section 249D of the Corporations Act, requesting the directors of the Company call and arrange to hold a general meeting of the Company to consider the following resolutions.

- a) "THAT Michael Sandy be appointed as a director of the Company with effect from the closure of the meeting."
- b) "THAT Matthew Worner be appointed as a director of the Company with effect from the closure of the meeting."
- c) "THAT Philip Amery be removed as a director of the Company with effect from the closure of the meeting."
- d) "THAT John Patton be removed as a director of the Company with effect from the closure of the meeting."
- e) "THAT any directors appointed during the period from the date of notice and that of the general meeting be removed as a director of the Company with effect from the closure of the meeting."

2.2. Who is Melbana?

Melbana, is a registered shareholder of the Company, and currently holds 27.8% of the total voting rights of all the members.

2.3. Why are Resolutions 1,2, 3, 4 and 5 being considered in the General Meeting?






Under section 203D of the Corporations Act, a company may by resolution remove a director from office.

The Company Constitution provides that the Company may remove any director from office by resolution passed in general meeting.

Section 249N of the Corporations Act permits a shareholder, who holds more than 5% of the votes that may be cast on the resolution, to give a company notice of a resolution that they propose to move at a general meeting.

Melbana has provided a statement (Annexure B) to the company in accordance with section 249P of the Corporations Act.

2.4. Directors' recommendation on how you should vote on Resolutions 1, 2, 3, 4 and 5:

<p><u>Resolution 1 - Appointment of Director – Michael Sandy</u></p> <p>The Directors recommend that Shareholders vote <u>AGAINST</u> Resolution 1 to appoint Michael Sandy as a director of the Company.</p>	
<p><u>Resolution 2 - Appointment of Director – Matthew Worner</u></p> <p>The Directors recommend that Shareholders vote <u>AGAINST</u> Resolution 2 to appoint Matthew Worner as a director of the Company.</p>	
<p><u>Resolution 3 – Removal of Director – Philip Amery</u></p> <p>Dr Robbert Willink and John Patton recommend that Shareholders vote <u>AGAINST</u> Resolution 3 to remove Philip Amery as a director of the Company.</p> <p>Philip Amery abstains from making any recommendation in relation to Resolution 3.</p>	
<p><u>Resolution 4 – Removal of Director – John Patton</u></p> <p>Dr Robbert Willink and Philip Amery recommend that Shareholders vote <u>AGAINST</u> Resolution 4 to remove John Patton as a director of the Company.</p> <p>John Patton abstains from making any recommendation in relation to Resolution 4.</p>	
<p><u>Resolution 5 – Removal of Directors</u></p> <p>The Directors recommend that Shareholders vote <u>AGAINST</u> Resolution 5 to remove any directors appointed during the period from the date of notice and that of the general meeting be removed as a director of the Company with effect from the closure of the meeting.</p>	

2.5. What is the consequence if Resolutions 1,2, 3, 4 and 5 are passed?

- a) If Resolution 1 is successful, Michael Sandy will be appointed as a Director of the Company effective from the closure of the meeting.
- b) If Resolution 2 is successful, Matthew Worner will be appointed as a Director of the Company effective from the closure of the meeting.
- c) If Resolution 3 is successful, Philip Amery will be removed as a Director of the Company effective from the closure of the meeting.
- d) If Resolution 4 is successful, John Patton will be removed as a Director of the Company effective from the closure of the meeting.
- e) If Resolution 5 is successful, any person appointed as a director between the date of the notice of meeting and the general meeting will be removed as a Director of the Company effective from the closure of the meeting.

2.6. What is the consequence if one or more of the five Resolutions are passed?

- a) If all resolutions are passed, the Board of the Company will consist of a majority of directors having been nominated by Melbana, and therefore it follows that control will be passed to Melbana without a control premium being paid.
- b) If either resolution 1 or 2 is passed, the Board of the Company will consist of 4 Directors with the new director having been nominated by Melbana.
- c) If only resolutions 1 and 2 are both passed, the Board of the Company will consist of 5 Directors with the two (2) new directors having been nominated by Melbana.
- d) If either resolution 3 or 4 is passed, the Board of the Company will consist of 2 Directors. Under section 201A(2) of the Corporations Act, a public company must have 3 directors, 2 of whom must reside in Australia, so therefore an additional Director would need to be appointed.
- e) If only resolutions 3 and 4 are both passed, the Board of the Company will consist of 1 Director. Under section 201A(2) of the Corporations Act, a public company must have 3 directors, 2 of whom must reside in Australia therefore, an additional 2 Directors would need to be appointed.

3. FURTHER INFORMATION:

- a) On 15 July 2019, Melbana announced its intention to make a takeover offer for the Company. This takeover offer closed on 31 January 2020 with only 8% of acceptances being received from shareholders other than Melbana's chairman Mr. Andrew Purcell, who entered into a pre-bid agreement in relation to his interests in the Company.
- b) On 24 and 28 February 2020, the Company received requests from Melbana for 2 representative directors to be appointed to the Board of the Company, being the same 2 directors that have been proposed by Melbana in resolutions 1 and 2. The Board reviewed the respective skillsets and held discussions in good faith with each individual. Further, Melbana made it clear that if Metgasco was to consider appointing only one of the 2 nominations, Melbana would not necessarily cease agitating for further board appointments. The Board concluded that there would be no additional skillset added to the Company and that it would not be appropriate for Melbana to hold 40% representation on the Board.

- c) In light of recent assertions made by Melbana regarding the Board's governance, the Company notes its recent letter to shareholders on 31 March 2020. Directors and Management of the Company have personally taken significantly reduced remuneration in order to preserve shareholder funds. Metgasco's directors have worked tirelessly in the Company's interests for very limited remuneration, in the face of challenges often related to Melbana's interests, and any suggestions to the contrary are baseless. It should be further noted that the costs associated with holding this meeting, which Metgasco considers a meritless and vexatious exercise, amount to approximately \$11,000, to which the Company must bear the costs.
- d) Melbana has suggested that because Mr. Amery owns some 1.54% of Metgasco (six million shares, all purchased on market at prices significantly higher than current prices), there has been a deficiency in leadership and that director's interests are not aligned to those of shareholders (presumably because purchasing 1.54% ownership is not enough). In Melbana's words, *"low levels of ownership can create misalignment between shareholder returns and director remuneration"*. Mr. Amery's remuneration at the Company is, by the by, presently nil.

Melbana has also sought to blame the current Board for the recent decline in its share price when global oil prices have fallen substantially due to issues arising from the global pandemic, cherry picking the date of Mr. Amery's election as Chair (August 7 2018) in pointing out that a share price fall has, regrettably, occurred.

Melbana has omitted to comment on its own share price performance, which is telling.

- e) Mr Michael Sandy, who is a current director of Melbana, was appointed to that company's board in July 2015. During his tenure as a director at Melbana shareholder returns have been - **75%**. From August 7 2018 that return has been - **76%**. Mr. Sandy owns 5.4 million shares of Melbana which represents 0.23% of that Company's issued capital of 2,316,851,412 shares. Mr. Sandy is also chairman of MEC Resources Limited (ASX:MMR), which has been suspended from trading since 15 January of this year. Since Mr. Sandy assumed the chair of MMR, shareholder returns have been - **69%**. Mr. Sandy owns 1.29% of MMR, which represents only shares acquired for nil consideration in lieu of director's fees. Mr. Sandy owns no Metgasco shares. On Melbana's own logic Mr. Sandy's alignment to Melbana's shareholders is questionable and that to Metgasco's non-existent.
- f) Mr. Matthew Worner, who has been nominated by Melbana alongside Mr. Sandy, currently serves as a director of Talon Petroleum (ASX:TPD), a Company chaired by Melbana director Peter Stickland. Since Mr. Worner joined the board of Talon in December 2017, shareholder returns have been - **75%** and since August 7 2018 - **80%**. Mr. Worner owns 0.086% of Talon's issued capital of 1,776,789,525 shares. Mr. Worner owns no Metgasco shares. On Melbana's own logic Mr. Worner's alignment to shareholders of his existing corporate interests is questionable and that to Metgasco's likewise non-existent.
- g) Given the extremely low acceptance of the takeover offer from Melbana, the Board sees the proposed resolutions as an attempt by Melbana to exert its influence over and control the majority voting of the Board, in a transparent attempt to achieve via a 249D notice what was rejected very recently by Metgasco shareholders.

It should be noted that the executive chairman of Melbana has previously served as a Director of Metgasco, and was **removed from his position by shareholders of the Company** on 16 April 2018 at a General Meeting. Further details can be found in the link below: <https://www.asx.com.au/asxpdf/20180416/pdf/43t7vzzp4ljx1v.pdf>

YOUR VOTE IS VERY IMPORTANT.

VOTE NOW TO PREVENT YOUR COMPANY FALLING UNDER THE CONTROL OF MELBANA NOMINEES.

4. OTHER INFORMATION

4.1 No other material information

This Explanatory Memorandum provides Shareholders with all information known to Metgasco which has not previously been disclosed to Shareholders that is material to the decision of whether or not to vote in favour of Resolutions 1, 2, 3, 4 & 5.

5. ENCLOSURES

Enclosed with the Notice of Meeting are:

- a) two Proxy Forms. The **yellow** Proxy Form has been completed in line with the recommendation of the Directors. If you sign this form you should ignore the **white** Proxy Form.
- b) a reply paid envelope for you to return a completed Proxy Form.

ANNEXURE A - DEFINITIONS

The meaning of capitalised terms used in the Notice of Meeting and Explanatory Memorandum are set out below:

AEST	means Australian Eastern Standard Time
AWST	means Australian Western Standard Time
ASX	means the Australian Securities Exchange Limited (ACN 008 624 691)
Board	means the board of Directors
Company and Metgasco	means Metgasco Ltd (ACN 088 196 383)
Constitution	means the constitution of the Company
Corporations Act	means the <i>Corporations Act 2001</i> (Cth)
Corporations Regulations	means the <i>Corporations Regulations 2001</i> (Cth)
Directors	means the Directors of the Company
Explanatory Memorandum	means this explanatory memorandum, prepared by the Company and sent to Shareholders in respect of the Resolutions
General Meeting	means the extraordinary general meeting of the Company to be held on Tuesday, 23 June 2020 at 10:00am AWST / 12.00pm (AEST)
Investor Centre	means the section on Link Market Services website where Shareholders may lodge their appointment of a proxy online.
Melbana	means Melbana Energy Limited
Notice of Meeting	means the notice accompanying the Explanatory Memorandum
Proxy Forms	means the yellow proxy form and white proxy form enclosed with the Notice of Meeting
Resolutions	means Resolution 1, Resolution 2, Resolution 3, Resolution 4 and Resolution 5
Resolution 1	means Resolution 1 of the Notice of Meeting
Resolution 2	means Resolution 2 of the Notice of Meeting
Resolution 3	means Resolution 3 of the Notice of Meeting
Resolution 4	means Resolution 4 of the Notice of Meeting
Resolution 5	means Resolution 5 of the Notice of Meeting
Share	means an ordinary share in the capital of the Company
Shareholders	means the shareholders on the register of the Company as at close of trading on Friday, 19 June 2020

In accordance with section 249P of the *Corporations Act 2001* (Cth), Melbana Energy, the party requisitioning the meeting, has requested the following statement to be included with the meeting materials to be sent to Metgasco shareholders:

Members' Statement pursuant to section 249P of the Corporations Act:



22 May 2020

Dear Fellow Shareholders,

Melbana Energy Limited (ASX: MAY) (**Melbana**), as a member of Metgasco Limited (ASX: MEL) (**Metgasco** or the **Company**), has requisitioned a general meeting of the Company to consider changes to the board of directors of Metgasco (the **Board**).

We are very concerned by the significant loss of value in Metgasco under the current Board and troubled by the capital management strategy that is possibly going to lead Metgasco to need to raise capital or liquidate assets in the current depressed environment. We are also concerned by the continued selling of a large number of Metgasco shares by a major shareholder whose representative sits on the Metgasco board.

After discussing our concerns with Mr. Philip Amery, Metgasco's Chairman, in late February 2020, we nominated one of our Melbana directors and a suitably experienced independent (of both Melbana and Metgasco) director to the Board. These nominations were overlooked despite our belief that the contributions of the two additions would undoubtedly have been of value in helping the Board to navigate the difficult times ahead.

We believe that by approving the resolutions set out in this notice of meeting, we can address the concerns above and create a refreshed and accountable Board, focussed on the following:

- **New ideas and skills and a commitment to creating value:**

Metgasco's share price has declined by 65% under the current Board since Mr. Amery was appointed Chairman in August 2018.

Further, the holdings of all directors and the Chief Executive Officer combine for a total of just ~2% of the Company. Low levels of ownership can create misalignment between shareholder returns and director remuneration.

Keybridge Capital Limited (**Keybridge**) (whose nominee, Mr. John Patton, is a director of Metgasco) has sold more than 17,500,000 Metgasco shares (about 4.53%) since October 2019 and we understand Keybridge is currently trying to exit the remainder of its position. Given its continued sell-down, Keybridge is seemingly not interested in supporting Metgasco to restore its fortunes, leading one to question why the Mr. Patton has not resigned from the Board.

Melbana believes that a new set of ideas and director skillsets supported by a major shareholder that is committed to its investment in Metgasco is the only way to drive value for all investors.



- **Rebuilding trust and credibility**

Metgasco indicated over 6 months ago (and several times since) that it intended to distribute to its shareholders shares in Byron Energy Limited (ASX: BYE) (**Byron**). Now, the value of Metgasco's Byron shareholding has halved and Metgasco shareholders have been denied the opportunity to derive benefit from the Byron shares.

It is our view that in order to fund future activity (or undertake a dilutive capital raise), Metgasco may need to sell down some of its Byron shares, and given the depressed share price, this may result in a large number of Byron shares being sold. This may significantly reduce the amount of Byron shares (if any) to be provided to Metgasco shareholders by way of an in-specie distribution. The failure of the Board to put this resolution to shareholders calls into question their credibility and ability to properly administer Metgasco's capital reserves.

Similarly, despite telling participants at Metgasco's 2018 AGM that he would resign if Metgasco's share price had not improved by the following year's AGM, Mr. Amery reneged on his undertaking to resign even though Metgasco's share price declined by more than 10% by the 2019 AGM.

These are not the actions of a credible Chairman and well-functioning Board.

- **Improved Governance**

Mr. Patton serves as the Chairman of the Audit Committee, yet he is not an independent director because he is a nominee director of a shareholder of Metgasco. A refreshed Board should ensure that an independent director is appointed to this important position.

Metgasco has also recently relocated its registered office to Perth, yet all of Metgasco's directors currently reside in the eastern states. The proposed independent director for appointment to the Board, Mr. Matthew Worner, resides in Perth, and will be better able to provide oversight of and support to management.

The two candidates we are proposing be appointed as directors of Metgasco have the following backgrounds:

Mr. Matthew Worner is independent of both Melbana and Metgasco. He is a lawyer and experienced executive who has worked with ASX and London listed companies in various commercial, legal and business development roles primarily in the energy and resource sector. He has capital markets experience in Australia and the United Kingdom including ASX and AIM IPO's and capital raising activity. He has overseen the completion of multiple asset acquisitions and divestments the world over, including Asia, Africa, US and Australasia as well as significant experience dealing with joint venture partners, host governments and NOCs in these regions. Through this work, he maintains solid contacts and relationship with brokers, funds and NOMADs both in Australia and London.

Mr. Michael Sandy is director of Melbana and a geologist with over 40 years' experience in the oil and gas industry, both in Australia and abroad, and as a public company director in Australia. He has had a varied career with early roles in minerals exploration and research and with the PNG Government. In the early 1990s he was Technical Manager of Oil Search Limited. He was involved in establishing Novus Petroleum Ltd and preparing that company for its \$186m IPO in April 1995 and then held various senior management roles with that company. He co-managed the defence effort in 2004 when Novus was taken over by Medco Energi. For the last 14 years, he, through his consultancy Sandy Associates P/L, has been involved in various resources projects and start-ups.

We strongly believe that their combined technical, commercial and legal experience as professionals with many years of experience in the oil and gas sector and as officers of public companies would make for a stronger and more transparent Board.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Metgasco Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Metgasco Ltd and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **10:00am (AWST) on Tuesday, 23 June 2020** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The meeting will be conducted by teleconference, Shareholders should use the following dial-in details to access the event, 1300 264 803 (Australian Dial-in Number) +613 8687 0650 (International Dial-in Number), lines will be open 15 minutes prior to the meeting during which Shareholders will need to provide their details for registration to vote.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Items

For Against Abstain*

For Against Abstain*

1 Appointment of Director – Michael Sandy

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5 Removal of Directors

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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2 Appointment of Director – Matthew Wornor

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Removal of Director - Philip Amery

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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4 Removal of Director - John Patton

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

MEL PRX2001A



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (AWST) on Sunday, 21 June 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Metgasco Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**