ASX / MEDIA RELEASE

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$5m debt facility secured to deliver Odin gas to market

- **Metgasco has finalised a $5 million debt facility with long term shareholders Keybridge Capital and Glennon Small Companies.**
- **Metgasco now fully funded for all Vali and Odin field commercialisation commitments**
- **Debt was secured on attractive terms following an independent debt advisory process and structuring on the part of the company**
- **Metgasco is committed to growing production at the economically compelling Vali/Odin gas hub while minimising shareholder dilution**

Metgasco Ltd (ASX: MEL, "Metgasco") is pleased to announce execution of a $5 million debt facility ("Facility") with long term substantial shareholders Glennon Small Companies ("Glennon") and Keybridge Capital ("Keybridge"). The Facility and funds will support, and fully fund, Metgasco's Vali and Odin Gas field projects. Glennon will subscribe for $2m and Keybridge will subscribe for $3m.

The $5 million will form part of the funding of the remaining capital requirements of Vali field and delivery of the Odin Gas Field project over the next two years. The Vali field has taken longer than originally planned to deliver first commercial gas sales, but with this milestone now achieved, today's announcement strengthens the Company's balance sheet, securing delivery of the fast track and long term connection of the Odin project without the need for further discounted or dilutive equity raisings.

Metgasco Managing Director, Ken Aitken commented:

"Metgasco now has a binding financing agreement in place that will provide access to $5 million of funding (net to Metgasco and excluding costs) to cover its equity share of capital costs for the producing Vali field as well as both stages of the Odin Field project to deliver first gas production from this (uncontracted) gas asset in Q3 CY23

"This funding is an excellent outcome for Metgasco and the board would like to thank long term, substantial shareholders Keybridge Capital and Glennon Small Companies for their support. Metgasco's negotiated package of funding with these two valued shareholders followed a comprehensive, independent assessment of debt offers made to the company and represents a good outcome for both Metgasco and its stakeholders.

"With strengthening gas prices in both the domestic and international markets, the delivery of first gas from Vali and accelerating the commercialisation of Odin couldn't come at a better time for Metgasco and its shareholders."

Metgasco engaged independent debt advisory specialists, who undertook a competitive debt sourcing process, resulting in several offers being received and an extensive analysis of the terms of each debt proposal. That analysis concluded that the terms reached with Keybridge and Glennon, both the initial offers received from each party, and the final, improved, negotiated position achieved following the Company's engagement with the parties in structuring deal participation by both:

(a) were substantially the most competitive;

(b) offered the lowest cost to the Company, as they represented the lowest interest rate, establishment costs and expected legal closing costs;

(c) offered the greatest flexibility to Metgasco;

(d) ensured Metgasco was fully funded by making the full debt amount available within a reasonable timeframe, unlike some other proposals which were structured in tranches, or carried material timing and completion risks; and

(e) would result in less dilution to other Metgasco shareholders as the number of options issued to Keybridge and Glennon resulted in less overall dilution than other debt proposals, many of which were in the nature of convertible notes.

The key terms of the Facility are:

- $5 million to be drawn down within 12 months (the availability period) from the initial issue date (13 March 2023).
- 3 year term from first drawdown.
- Funds to be applied towards the Vali and Odin Gas Field projects, working capital and for general corporate purposes.
- An interest rate of 10% p.a. expensed and payable quarterly in arrears.
- A 1% establishment fee payable (on drawn funds only).
- Secured by way of a general security deed ("**GSD**") jointly over all present property of the Company.
- In consideration for the facility and the ongoing availability of drawdown funds during the availability period with no line fee, the issue of 160 million options proportionally to the note facility participants, (Keybridge 96 million options and Glennon 64 million options) at an exercise price of 2.5c per share for the same tenor as the debt facility, which will be issued to the parties on issuance of the first loan note. The options will be exercisable at any time over the three year term by way of either cash settlement or cancellation of notes.
- If early repayment of drawn funds is undertaken by Metgasco, it will provide Glennon and Keybridge with an early redemption fee equal to 5% of the face value of the notes redeemed early.

The options will be issued utilising Metgasco's capacity under ASX listing rule 7.1 and 7.1A.

BurnVoir Corporate Finance acted as the Company's debt advisor.

Metgasco applied for a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant securities over the assets of the Company, in favour of Keybridge and Glennon. The ASX have granted this waiver for the company to secure its obligations under the debt facility above, without obtaining shareholder approval.

The terms of the ASX waiver are detailed below:

ASX Limited ('ASX') grants Metgasco Ltd (the 'Company') a waiver from Listing Rule 10.1 to the extent necessary to permit the Company to grant security over the assets of the Company (the 'Security'), in favour of Keybridge Capital Limited and Glennon Small Companies Ltd (the 'Lenders') in order for the Company to secure its obligations under a debt facility agreement for up to an aggregate of $5 million in loan notes ($3 million loan notes to Keybridge Capital Limited and $2 million loan notes to Glennon Small Companies Ltd) (the 'Loan Facility'), without obtaining shareholder approval, on the following conditions:

1.1 the material terms of the transaction and of the waiver are announced to the market;

1.2 the announcement includes a description of the reasons why the entity has chosen to obtain the financial accommodation from the 10.1 party rather than a lender that is not a 10.1 party and the steps the entity has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of the holders of the entity's ordinary securities;

1.3 the Security documents expressly provide that:

1.3.1 the Security is limited to the funds due under the financial accommodation;

1.3.2 the Security will be discharged when the funds due under the financial accommodation have been repaid in full;

1.3.3 in the event the Security is enforced, the assets can only be disposed of to the 10.1 party or an associate of the 10.1 party if the disposal is first approved by the entity's security holders under Listing Rule 10.1; and

1.3.4 otherwise, if the holder of the Security exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the Security, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to the 10.1 party in accordance with their legal entitlements;

1.4 any variation to the terms of the financial accommodation or the Security which:

1.4.1 advantages the 10.1 party in a material respect;

1.4.2 disadvantages the entity in a material respect; or

1.4.3 is inconsistent with the terms of the waiver,

must be subject to security holder approval under Listing Rule 10.1; and

1.5 for each year while they remain on foot, a summary of the material terms of the financial accommodation and the Security is included in the related party disclosures in the entity's audited annual accounts.

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

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