

Binding intention to make a takeover bid for Metgasco

MELBOURNE, AUSTRALIA (25 JULY 2019)

ASIC modification received enabling the Offer to be made

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

Melbana's intention to make the Offer is now unconditional following ASIC granting a modification of section 629 of the *Corporations Act 2001* (Cth) to include as a defeating condition of the Offer the receipt of Melbana shareholder approval for the purposes of Listing Rule 10.1 to permit M&A Advisory Pty Ltd (being a Metgasco shareholder associated with Andrew Purcell, a director of Melbana) to participate under the Offer (or a waiver of that requirement or confirmation shareholder approval is not required) (**Listing Rule 10.1 Condition**).

As detailed in the Initial Bid Announcement:

- the Offer to Metgasco shareholders will be an all share offer under which Melbana will offer Metgasco shareholders 4 fully paid ordinary shares in the capital of Melbana (**Melbana Shares**) for every 1 ordinary Metgasco Share held; and
- the Offer will be conditional upon a 50.1% minimum acceptance condition, the Listing Rule 10.1 Condition and certain other conditions, each of which are set out in detail in Annexure A of the Initial Bid Announcement.

On 18 July 2019, Melbana submitted an application to ASX for a waiver of Listing Rule 10.1 to permit M&A Advisory to participate under the Offer, which if received will satisfy the Listing Rule 10.1 Condition such that the Offer is no longer subject to that condition. Melbana will keep the market advised of the status of that application.

Waiver of breaches of Offer conditions

The independent board committee established by the Melbana Board (**IBC**), comprised of Michael Sandy and Peter Stickland, has considered the impact on the Offer of the transactions announced by Metgasco on 18 July 2019, being:

- the agreed settlement between Metgasco and Byron Energy Limited (**Byron**) in respect of Metgasco's financial exposure to the unsuccessful initial test well in respect of the South Marsh Island 74 project, which would be capped at A\$1.75 million; and
- Metgasco's exercise of 10 million options to subscribe for Byron shares at an exercise price of \$0.25 per Byron Option,

(Relevant Transactions).

The IBC has resolved to waive the breaches of the Offer conditions arising out of or as a consequence of the Relevant Transactions (**Relevant Breaches**) such that it will not rely on the Relevant Breaches for the purposes of voiding any acceptances under the Offer.

Notwithstanding Melbana's waiver of the Relevant Breaches, Melbana reserves the right to take into account the Relevant Transactions in respect of any further breach of the Offer conditions by Metgasco (for example an issue of securities as part of a capital raising) to the extent the fact, matter or circumstance giving rise to the further breach arises out of, in connection with or as a consequence of the Relevant Transactions. Melbana expects that Metgasco will not issue securities or take other action that breaches the Offer conditions without first obtaining Metgasco shareholder approval.

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

Indicative timetable

The Bidder's Statement will be lodged with ASIC, Metgasco and released to the ASX reasonably promptly and dispatched to Metgasco shareholders thereafter.

-Ends-

For further information contact:

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