



ASX / MEDIA RELEASE

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Notice Received under s203D of the Corporations Act - Update

Further to the Company's announcement yesterday regarding the Notice received from M&A Advisory Pty Ltd under section 203D of the Corporations Act (Cth) ("**s203D Notice**"), of its intention to move resolutions at a meeting of shareholders of Metgasco Limited (the "**Company**"), proposed to be convened under section 249F of the Corporations Act, to remove the Executive Chairman, Mr Alexander Lang and Independent Non-Executive Director, Mr Philip Amery, the Board of Metgasco Limited wish to provide some background details in relation to the s203D Notice.

The Board notes that at this stage M&A Advisory Pty Ltd have not lodged with the Company a notice under section 249F of the Corporations Act.

Mr Purcell, in his capacity as sole director of M&A Advisory Pty Ltd, has held a number of meetings and telephone calls jointly and separately with the members of the Board of Metgasco Limited including Messrs Lang and Amery, since lodging the Form 603 *Notice of initial substantial shareholder* on 22 August 2016. In several of these meetings, Mr Purcell has variously demanded that M&A Advisory Pty Ltd be given two Board seats, that Mr Purcell be made Chairman of the Board and that either one or both of Messrs Lang and Amery step down, thereby ultimately being likely to give M&A Advisory Pty Ltd effective control of the Board.

On 5 September 2016, Messrs Lang and Amery received a letter from M&A Advisory Pty Ltd ("**M&A Letter**") advising, among other matters:

- that on 2 September 2016, M&A Advisory Pty Ltd became the registered holder of 45,225,818 Metgasco Limited shares or 11.3% of the total issued share capital of Metgasco Limited;
- that M&A Advisory Pty Ltd does not support the proposed capital return and share buy-back set out in the Company's notice of meeting dated 9 August 2016, that it intends to vote against such resolutions and that it believes the Company should deploy its cash reserves in pursuit of new strategic directions in the oil & gas sector;
- that the Company immediately appoint Andrew Purcell and Michael Sandy as directors of the Company with Andrew Purcell to be appointed Chairman of the Board (the "**Appointments**");
- if the Company was not willing to grant M&A Advisory Pty Ltd these Appointments, it intended to call (at its expense) an extraordinary meeting of the Company to vote on resolutions to reconstitute the Board; and
- that M&A Advisory Pty Ltd intend to formally serve a notice under section 203D(2) on the Company unless, by 5pm on Monday, 5 September 2016, it received written confirmation from each of Messrs Lang and Amery that they agree to make the Appointments.

Messrs Lang and Amery provided the Company with a copy of the M&A Letter on receipt. After consideration by the full Board of Metgasco Limited, Mr Lang, on behalf of the Board, responded on 6 September 2016 to Mr Purcell, in Mr Purcell's capacity as sole director of M&A Advisory Pty Ltd, , advising among other matters:

- the Board welcomed M&A Advisory Pty Ltd as a substantial shareholder of Metgasco Limited and advised that the Board looked forward to working with M&A Advisory Pty Ltd as a valued shareholder;

- the Company's Corporate Governance Statement released on 25 August 2016, sets out the Board's process for considering director nominations and in particular, in accordance with the Company's Board Charter, appointments to the Board are to be based on merit, skills, expertise and experience;
- any Board candidate would have to undergo the same procedure that all other Board members have done, namely to be assessed as to their skills, expertise and experience formally, including undertaking a robust interview process;
- that the Company's process includes the execution of a confidentiality undertaking by the candidate to allow an open and in-depth conversation during any interview;
- the Board is committed to considering the best interests of all shareholders in making all its decisions including the appointment of Directors;
- that the ASX Guidance Council's Corporate Governance Principles and Recommendations (the "ASX Principles") recommend that the majority of the Board and the Chairman be independent and that M&A Advisory Pty Ltd's proposals are not in keeping with the ASX Principles, from which the Board is not minded to depart; and
- that the Company understands the desire of a substantial shareholder for Board representation and the Board considers it appropriate to assess its application for two Board seats in accordance with the ASX Principles outlined above.

The Board of Metgasco Limited remain committed to following the corporate governance processes regarding director appointments and the ASX Principles as outlined above.

The Board of Metgasco is currently taking advice in relation to these actions and is considering what is in the best interest of **ALL** Metgasco Limited shareholders and will keep the shareholders advised of any material developments.

ENDS

About Metgasco:

www.metgasco.com.au

Metgasco is presently pursuing new opportunities in the Oil & Gas sector. It holds an interest, via a secured production development funding facility, options and participation rights, in U.S Gulf of Mexico company Byron Energy Limited (ASX:BYE). Metgasco also holds a portfolio of cash, fixed income and managed credit assets. Until the end of 2015, Metgasco had a 100% interest in PEL 16, 13 and 426 in the Clarence Moreton Basin in NSW where it operated the largest acreage position in the basin, exploring for conventional and unconventional gas. It had 2C gas resources of 4,428 Petajoules. Metgasco agreed to withdraw from NSW operations and court action against NSW Government in return for a financial settlement approved by shareholders in December 2015.

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