

BY E-LODGEMENT

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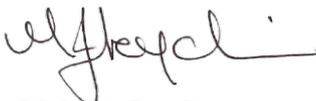
3 October 2019

Dear Sir/Madam

Off-market takeover bid by Melbana Energy Limited for Metgasco Limited – Supplementary Bidder's Statement

In accordance with section 647(3) of the Corporations Act 2001 (Cth), we enclose a supplementary bidder's statement dated 3 October 2019, setting out supplementary information to the original bidder's statement dated (and lodged with ASIC) on 10 September 2019.

Yours faithfully



Melanie Leydin
Company Secretary



Supplementary Bidder's Statement

1. Important notices

This document is a supplementary bidder's statement under section 643 of the Corporations Act (**Supplementary Bidder's Statement**). It is supplementary to the bidder's statement dated 10 September 2019 (**Original Bidder's Statement**) and issued by Melbana Energy Limited ABN 43 066 447 952, in relation to its off market takeover bid for all Metgasco Shares under Part 6.5 of the Corporations Act. This Supplementary Bidder's Statement supplements, and should be read together with the Original Bidder's Statement. Unless the context requires otherwise, defined terms in the Original Bidder's Statement have the same meaning in this Supplementary Bidder's Statement. This Supplementary Bidder's Statement prevails to the extent of any inconsistency.

A copy of this Supplementary Bidder's Statement was lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for the content of this Supplementary Bidder's Statement.

2. Supplementary information in relation to the Offer

Melbana Energy attaches two ASX announcements to this Supplementary Bidder's Statement, which relate to:

- the receipt of the requested approvals and waivers from the relevant Cuban regulatory authorities regarding Melbana Energy's Block 9 Production Sharing Contract in Cuba; and
- a one month extension of the notification date to 4 November 2019 for the options granted to TOTAL and Santos to each acquire a 40% interest in WA-488-P to finalise their commercial analysis and seek internal approvals.

3. Acceptance of the Offer

Metgasco Shareholders are encouraged to refer to the Original Bidder's Statement, as supplemented by information contained within this Supplementary Bidder's Statement, including information on the reasons to accept the Offer and the risks associated with not accepting the Offer.

If you have already accepted the Offer, you need not take any action. If you have not yet accepted the Offer, we encourage you to accept without delay. The Offer is due to close at 7.00pm (Sydney time) on 24 October 2019 (unless the offer period is extended).

If you have any queries in relation to how to accept the Offer or any other matter relating to the takeover bid, please call the offer information line on +61 1300 306 413 between 8.30am and 5.00pm (Sydney time) Monday to Friday.

4. Authorisation

This Supplementary Bidder's Statement has been approved by a unanimous resolution of the directors of Melbana Energy and is signed for and on behalf of Melbana Energy by:

A handwritten signature in black ink, appearing to read 'Michael Sandy', is written above the printed name.

Michael Sandy
Director and Interim Chief Executive Officer

Annexure – ASX Announcements

Cuba - Amendments to Block 9 Production Sharing Contract

Highlights:

- Approvals received for requested amendments to the Block 9 Production Sharing Contract (**PSC**)
- Principal amendments are a one year extension of the current exploration sub-period to 1 November 2020 and a one year extension to the full exploration period
- The work commitment for the current exploration sub-period remains the drilling of one exploration well
- CUPET confirms that all of Melbana's other obligations under the Block 9 PSC are either waived for the current sub-period or are in full compliance

MELBOURNE, AUSTRALIA (3 October 2019)

CUPET, the national oil company of Cuba, has informed Melbana that it has received all necessary approvals to confirm amendments to the Block 9 Production Sharing Contract (**PSC**) requested by Melbana.

Melbana believes these amendments, expected to be formally documented in October, will be of assistance to negotiations it is having with prospective partners for its proposed 2020 drilling programme in Block 9.

Melbana appreciates CUPET's ongoing support for its endeavours in Cuba.

The approved amendments to the Block 9 PSC are:

1. Extension of the current exploration sub-period to 1 November 2020 with no change to the commitment to drill one exploration well during this sub-period;
2. Extension of the exploration period by one year; and

3. Voluntary relinquishment of 24.6 km² (about 1% of the total area), which reduces the total prospective resource (best estimate) for Block 9 from 718 million barrels of oil to 676 million barrels of oil.¹

¹ Prospective Resources Cautionary Statement - 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. Future exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. All quoted volumes taken from Independent Expert McDaniel & Associates Competent Persons Report 30 June 2018 (as amended by Melbana for areas voluntarily relinquished).

At Metgasco's request, Melbana advised Metgasco yesterday evening that it would be releasing an announcement regarding the status of its discussion with Cuban authorities regarding Block 9 PSC in Cuba. Melbana further advised Metgasco that it should not release any announcement in advance of Melbana releasing the advised update. Notwithstanding this, Melbana notes that Metgasco has today released an announcement regarding this matter. Melbana and Metgasco's shareholders are advised to ignore the Metgasco announcement and instead refer to this announcement.

Beehive – Option expiry extended by one month

Highlights:

- Melbana has agreed to a request by Santos and TOTAL to extend by one month the expiry date of the options they each hold to acquire a 40% interest in WA-488-P.
- Santos and TOTAL now have until 4 November 2019 to notify Melbana of their intention to exercise their options.
- Santos and TOTAL confirm that they have completed their technical assessment of the Beehive prospect and that the extended time is required for both parties to finalise their commercial analysis and seek internal approvals.
- The granted one month extension is not expected to impact the ability to drill the Beehive-1 exploration well before the end of 2020, should Santos and Total elect to exercise their options.
- If both Santos and TOTAL exercise their options, they would each receive a 40% interest in WA-488-P in consideration for fully funding the drilling of the Beehive-1 well. Melbana would retain a 20% interest and be free carried through the drilling of this well in this scenario.

MELBOURNE, AUSTRALIA (3 October 2019)

Melbana Energy Limited (ASX: **MAY**) (**Melbana**) wishes to advise that it has received a request from TOTAL S.A. (**TOTAL**) and Santos Limited (**Santos**) (together, the **Parties**) to extend by one month the date by which the Parties must exercise the options they each hold to acquire a 40% interest in WA-488-P in return for agreeing to jointly fund the drilling of the Beehive-1 exploration well.

TOTAL and Santos confirm that:

- they have completed their technical assessment of the Beehive prospect; and
- the additional time requested is needed by the Parties to finalise their commercial analysis and seek internal approvals.

The extension to the option period is not expected to impact the ability of the Parties to drill the Beehive-1 exploration well before the end of next year, should Santos and Total elect to exercise their options.

In light of the above, Melbana has agreed to extend the option period by the requested one month given the significant and timely application shown by the Parties to date in evaluation of the Beehive prospect.

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.

Should TOTAL and Santos elect to exercise their options, they would each receive a 40% interest in Malbina's WA-488-P licence area (containing the Beehive prospect) in return for committing to jointly funding the cost of the Beehive-1 exploration well, in which Melbana would be free carried for its 20% interest.

Beehive has been assessed by Independent Expert McDaniel & Associates to contain a best estimate prospective resource of 388 million barrels of oil equivalent¹.

¹ Prospective Resources Cautionary Statement - 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. Future exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. All quoted volumes taken from Independent Expert McDaniel & Associates Competent Persons Report 30 June 2018. Gas to Oil Factor: based on Mcf to BOE energy equivalence conversion of 6 to 1.